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"No expectation of forbearance or indulgence should be encouraged. Favor and benevolence are not the attributes of good banking. Strict justice and the rigid performance of contracts are its proper foundation"

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FROM JULY, 1887, TO JUNE, 1888, INCLUSIVE.

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No. 1.

THE BANKERS' CONVENTION.

It has been determined, as will be seen by a notice in another place, to hold the Bankers' Convention at Pittsburgh, this year. The wisdom of the choice will not be questioned, for it is central, accessible and having ample accommodations. Furthermore, the use of gas in manufacturing, has wrought wonders in the way of purifying the atmosphere so that the visitor will no longer walk under a sooty shadow obscuring the sun and filling him with anything but delightful feelings.

The annual convention has now become a well-known affair; notwithstanding this, its purposes are not clearly understood; or rather, it may be said, that some persons are determined, seemingly, to misrepresent its purposes. Of all the various business organizations in our country this is perhaps the most harmless, and was intended to be. With the growth of trade and competition the need of business organizations for the purpose of discussion and mutual assistance has become more and more necessary, the evidence of which is clearly seen in the multiplying of such organizations. Every year new ones are formed, until their number now has become very large. Moreover, they seem to be better sustained with increasing age; their membership grows and they acquire a more solid and permanent form. The Bankers' Association is simply one of this large number.

There are certain things which the association seeks to do, otherwise, of course, the members would not convene. But, let us say first of all that the primal object is not to influence legislation, either State or National. The banks have no need nor do they ask for further care from any political body. They are running along smoothly enough

under their charters, with an occasional failure perhaps, occasioned not so much by any defect in the organic law as in their own management; consequently they make no appeal to any one for change or assistance. Therefore, we repeat, that these annual meetings are not for concocting great schemes of legislation, or for getting the best of the public in any way, as some evilly-minded persons are constantly imagining.

Apart from legislation there are matters pertaining to the banking business in which an annual conference of this kind always proves helpful. These advantages are not so much the outcome of papers that may be read there or of sound advice, as from intercourse among the members. And it is precisely because a great deal of useful information is thus derived that those who do not attend fail to perceive the usefulness of the association. Many of the papers, of course, contain much that is valuable, but the absentees, knowing that these will be printed, conclude that they will be just as wise after reading them as those are who listened to their reading, but they totally leave out of sight the great good derived from meeting one another, making inquiry, and getting answers to a great variety of matters which never receive formal attention. If these private interviews and questionings should take on the form of a class room inquiry and examination, and were once put in print, the usefulness of these meetings would be revealed to the stay-aways.

Again, there is much good in coming together in a social way and in knowing one another. Many of the bankers who thus meet are correspondents, and yet do not have a very clear idea of each other's real worth and character. Through these meetings a fine opportunity is given for such an acquaintanceship as well as inquiry concerning the standing and credit of other persons concerning which it is desirable to make. These and other considerations render the meeting important, and we think that those who attend most frequently have come to regard it with the greatest favor, and we strenuously urge all others to follow their example. The attendance increases from year to year, and we can assure all our readers that the experiment of attending this year is well worth the time and money. Plan your vacation, if no other time be given you, in such a way as to be present at this meeting.

THE SURPLUS.

What shall be done with the surplus has become a very serious question. There are really two questions, one is what shall be done in the way of a present remedy, and the other, of a future remedy. The last question is answered by many persons--reduce taxation. Then there would be no surplus to trouble any one. This is a very short answer, and, of course, would be effective, but there are other interests concerned which will not listen pleasantly to such an answer. Our opinion is that if we can find a way for disposing of our surplus for a year or two longer there will really be no such question existing then, for several reasons which we shall presently give.

The revenue from imports, which now is our chief source of national income, will be largely reduced, without any legislation whatever. The tariff of 1883 reduced the taxes on some classes of imports very considerably, but we do not think that the sufferings which American competitors now experience are due, perhaps, so much to this reduction as to the determination, apparently, of foreign manufacturers to put their goods into this market, whatever may be the tax imposed on them. Now to accomplish this end they have changed their mode of doing business, establishing agencies in this country to whom goods are consigned and from whom American purchasers must buy. Two things are accomplished by this arrangement. First, the goods sent to this country for sale are valued much below their real value, and secondly, by not selling to American importers the foreign manufacturer is able to prevent the making of any price which will appear to contradict or expose his operation in undervaluing his goods sent to this market. It is true that it is not altogether impossible for our government to find out for what a given kind of goods is sold in the old world and to establish a true valuation on that basis, yet it would seem that the process is somewhat clumsy and difficult and not easily done, and therefore the foreign manufacturer has acquired a swing in our market which he has not enjoyed before for many years. This began soon after the new tariff law went into effect, during the former administration, and has been continued ever since. Perhaps matters are no worse than they were in 1884 and 1885. Some persons well acquainted with the business say that it is not quite as bad as it was then. Anyhow, this evil, great as it is, cannot be laid so much to the door of politics as it can be to the inefficiency or inability of our customs officials to prevent undervaluations and prosecute the importers who are thus defying the law.

The American manufacturers, while recognizing this state of things—indeed, it has been impossible to blind their eyes to what was going on—have been waiting, as it were, hoping that the government would effectually put an end to these undervaluations. They have been so flagrant that it was generally believed they would not permanently continue, and so the manufacturers have been doing the best they could during the interval, expecting after a little that the undervaluations would be exposed and the violators of the law prosecuted. It is quite evident that they have ceased to regard the future hopefully and are now on the point of meeting the new situation. One of two things is clearly apparent, either the government must stop these undervaluations, and without much delay, or else the manufacturers will reduce wages and other costs of production to a point where they can successfully meet foreign competition. Nothing is more certain than having built their mills they will run them, and if bankruptcy ensue, then a new class will continue the business as before. The goods are to be made here and the result must be that our imports will diminish, and consequently our revenue. This will certainly be the case, and thus the government will not be long perplexed with this question of surplus.

With respect to the surplus now in the treasury, some persons are disturbed because the secretary of the treasury has not made known his intentions respecting its disposal, and they fear that if the accumulation goes on that the money market will become stringent and business suffer. To these fears two or three explanations are in order; first, the money market of London is very abundant, and in the event of a stringency a large amount will be sent here from that source. This consideration ought to quiet all fearful persons. In the next place there are two opinions concerning the wisdom of the secretary of the treasury showing his hand in financial operations. Years ago the country was treated to this sort of thing, in which the secretary was besought by one party in Wall street to show his hand and by the other party to keep silent. Whenever this question is raised, therefore, as to the duty of the secretary to indicate his future course, it is well to take a peep into Wall street and consider the source of the inquiry, whether or no the movers are not far more interested personally than they are in the fortunes of the public. We incline to the opinion that the secretary of the treasury can be as well trusted to watch over the interests of the country as our friends in Wall street; that he is likely to prove as disinterested and as intelligent in his action as they. Suppose he should announce to the country his future action, it by no means follows that there would be a larger reserve of money for business operations in the autumn.

The banks can at any time increase their supply of money for

legitimate operations by reducing their loans to speculators, and we do not think that there is any particular merit in supplying this class to the full, and then of calling on the government to help them out with a fresh supply of money for the movements of legitimate business in the autumn. In writing these words we are vividly impressed with the criticisms previously made on the interference with the money market by former secretaries fifteen or twenty years ago, and in view of that experience we trust the present secretary will move slowly in disclosing his plans, so far as they relate to the accommodation of any class of business men. The good of the whole country should be kept in view, and we believe that he can be safely trusted to act as soon as the occasion requires.

BUSINESS IN TRUST.

Lately the country has been rather unpleasantly informed of the creation of two more trusts, in one of which the cattle raisers of the West are to embark their fortunes, and in the other, the manufacturers of rubber goods. Last month we said something concerning the first mentioned of these, since then the subject has received considerable discussion from the press. It is worth while to add something to what was then said on the subject.

The first remark we have to make is, that this aggregation of individual interests into one company has been occasioned in most instances by heavy losses resulting from competition. Perhaps it cannot be truly said that the cattle raisers were losing money at the time of forming their combination, but it is unquestionably true that the large profits which they had formerly made were cut off and had passed over to the slaughterers. In other words, competition had become so sharp among cattle raisers that the price of live stock had declined very much, while the slaughterers sold the dressed meat at pretty nearly the old figures, thus profiting enormously by the keen competition existing among the cattle raisers.

The manufacturers of rubber goods made a great deal of money during the later days of their patents under which they worked, but after these expired new companies were organized and came into the field, and competition became so sharp that the great profits melted away, and we suppose that for several years these have been nearly zero; indeed, in many cases the business has been conducted at a positive loss. This state of things they attempted to remedy by various combinations fixing the price of the goods and the quantity of the product, but with varying and indifferent success. Some of the arrangements, we believe, were quite successful for a short period, but it seems that no intervention has

effected a cure; consequently, from this long and losing struggle has arisen a new combination which goes by the singular name of a trust company.

Railroad pools had their origin in the same condition of things. The several trunk lines between New York and Chicago and the several Southwestern lines from the same city toward St. Louis and the Southwest competed so fiercely with each other as to destroy all profits, and diminish or wholly curtail dividends, and this had a sobering effect on all concerned and led to the formation of pools of which the unthinking public has not always too wisely complained.

In truth, it will be found in studying this subject that in times of depression, when competition is keenest and profits are lowest, or have wholly ceased, that the desire to form these combinations springs up and grows the most rankly. It is the same old story over again which has manifested itself in wars among nations, that, after becoming reduced to great weakness, then combinations and arrangements become possible which could not have been effected in more prosperous times. We see, therefore, that these trust companies which seem to be so much dreaded, are the outcome not so much of a desire, we believe, to make extraordinary profits and to become world-wide grabbers, as to preserve themselves from ruin. In other words, the idea of self-preservation is perhaps the most prominent feature in the formation of many of these companies. Of course, the Standard Oil and the Cotton Seed Oil Trusts must be clearly exempted from this remark. From the beginning those companies were organized and extended because they saw clearly enough that it was the way to make the most money, and furthermore, the business was sufficiently concentrated to be managed by such trusts successfully. Very likely other exceptions should be noted; nevertheless, we think the general remark that these trusts are for the most part for self-preservation, contains quite as much or more truth than the one so frequently heard, that their object is to make undue gains at the expense of the consumer or other persons.

If what we have said is true, it brings clearly to light the fact which we have from time to time endeavored to illustrate in our pages, that excessive competition is a great evil. A fair profit all around is the ideal point toward which all should strive in production and exchange. If that can be maintained there is no danger of the creation of trust companies, pools or other forms of monopoly. Men generally are wise enough to be content with a good thing without seeking to get all. Only a few and the most narrow-minded strive to possess themselves of the whole earth, the rest know that such endeavors are sure to be met by persons having the same spirit, eagerness and force, and who are sure sooner or later

to succeed in getting the best of the would-be universal grabber and in making his position very much worse than it was in the beginning. But if fair profits cannot be acquired, and they run down to zero, or below, then there is always reason for disquietude, because, as we have seen again and again, the result is precisely the result which we now see among cattle raisers and rubber goods manufacturers—excessive competition inevitably results or tends to result in monopoly. If the people wish to prevent this, the sure and best way is to conduct business in such a manner as to give the largest number a fair return for what they make or exchange. This lesson we shall learn sooner or later, and when we do, these new monopolies which we call trust companies will cease to multiply. Until then, we may count with a great deal of confidence that any kind of business which becomes so hard pressed as to result in loss will in the end become assimilated into one concern, either openly or secretly.

FINANCIAL FACTS AND OPINIONS.

The development of the wheat crop now growing in the northern sections is inspiring deep interest in both commercial and speculative circles. In the meantime the harvest has already begun in the southern wheat belt. Upon the harvest of these two sections the traffic of the railroads, the commerce of the nation, and, in short, the general prosperity for a year to come depend in an important degree. The favorable reports from nearly all the wheat producing sections of the country are, therefore, particularly gratifying. The department of agriculture furnishes an interesting statement of the condition of this crop on June 1, as compared with the same period of previous years. It is shown that while the average condition of winter wheat was about 85 per cent. on June 1, of the present year, against 93 a year ago, it was as low as 62 in 1885, and although it was as high as 93 in the preceding year, it was only 75 in 1883. It is shown that an average of the condition on June 1, for the past five years is nearly 84½ per cent., and the average yield a little over 11½ bushels to the acre. On this basis it is computed that the average yield of winter wheat this year will be somewhat less than 12 bushels to the acre, or, approximately, 285,000,000 bushels from an area of 24,100,000 acres. As far as spring wheat is concerned, the area, according to the latest reports, is five or six per cent. greater than last year, and the average condition is given as 87 per cent.

Some western authorities, in discussing these figures, assert that

the outlook justifies the expectation of some 435,000,000 bushels of wheat in this country this year. That will be enough to supply not only Uncle Sam, but some of his foreign friends.

Production of silver is the basis of many an argument among financial people of this time, and some carefully gathered statistics on this subject will therefore be of interest. A standard authority, after looking up this subject, finds that during the four years ending with 1850 we exported \$8,330,000 more than we imported and produced by our mines, while for the next ten years, ending with 1860, our losses in the same way aggregated \$422,480,000. In the next three years the net loss was nearly \$60,000,000, making the total loss of silver coin and bullion from 1847 to 1863 both inclusive, \$490,805,825, or over \$165,000,000 more than the total amount of silver coin in circulation at the beginning of the current year. With the close of 1863 the tide turned in the opposite direction, and during 1864, 1865 and 1866 the net gain in the production of our mines and the imports over the exports was \$11,160,000. Since 1869 there has been no year in which the production and imports did not exceed the exports. During the ten years from 1867 to 1876, the net gain was \$48,385,000, and for the next ten years—1877 to 1886, both inclusive—the gain was \$357,528,600. The total net gain from 1864 to 1886, both inclusive, amounted to \$417,074,573, or \$73,731,252 less than the losses made between 1847 and 1863. In other words, the production and imports of silver and silver bullion since the beginning of 1847 have been \$73,700,000 less than the exports during the same period.

The importing of gold has already begun, if it is true, as reported, that within the past few days bars of the precious metal have been shipped to New York from abroad. The movement would have begun some time ago had it not been for the large amount of foreign money loaned on time in this market. Notwithstanding the falling off of exports, there has been a material increase of imports. Thus a favorable balance of some twenty millions in January was turned into an adverse account of about fifteen millions in April. The breaking up of the Chicago pool will stimulate exports of wheat, and it is thought that by August the usual heavy movement of grain will begin. A big supply of outside cotton bills will soon come upon the market and exchange may be brought still lower. There also seems to be an active inquiry abroad for American securities, so that with all these influences it may not be wrong to anticipate a gold import movement of some importance.

Furnishing a market for silver men may be one of the duties of Uncle Sam; at least some people argue that it is. Suppose this

to be the case. Should he also go to the expense of coining the bullion that he buys? The treasury vaults at the capital are reported to be crowded to such an extent that millions of dollars squeezed out of the safes have to be guarded by watchmen night and day. A new vault is to be completed which it is said will make room for another hundred millions. Now will somebody explain what benefit the public derives from this digging up of silver ore from the mines in order to bury it again, this time in the shape of coin, in the Government's treasury vaults? Is this not an irrational proceeding when we come to think it over?

The United States as a competitor with great Britain is a fruitful source of protection and anti-protection arguments. We find in the latest number of the *Nineteenth Century* an article on this subject written from the British standpoint. Among other noteworthy observations occurs the following:

Provisions of all sorts in America are cheap, and the cost of actual living low; thus, though clothing, luxuries, labor, and attendance are dear, the average American workingman lives 100 per cent. better than the average workingman does in Great Britain, because he has higher wages and cheaper food in greater variety.

Here are some indisputable facts which certain free trade authorities have long been trying to controvert. Is it not hard to kick against the pricks?

The new Canadian tariff, while increasing the duty on iron ore and its products, proposes to remove the duty on anthracite coal. Will not this lead to increased exports of coal? The exports last year were, in round numbers, 667,000 tons, valued at upwards of \$2,700,000. Canada, it is stated, buys the great bulk of the anthracite exported.

Interest payments by the United States Treasury on the first of July amount to \$9,526,000, the pension payments are \$12,000,000, and thus the aggregate disbursements are upwards of \$21,000,000. Aside from this, the remaining surplus of the National Treasury, some \$25,000,000, will be in the National bank depositories, and consequently available for use in general business.

Our relations to foreign bankers at present are significant. It is very certain that Europe, in a quiet way, has absorbed a large if not a greater part of the bonds recently issued by our railroad corporations. In the meantime loanable funds go begging in the various money markets, not counting, of course, the illegitimate ebullitions of Wall street, such as those which accompanied the recent flurries in speculative stocks. The retirement of the fiery Boulanger from French management, the old age and weakness of

the rulers of the German empire, and the one desire of Russia to place her finances on a solvent footing, all point to the maintenance of peace in Europe. If straws show how the wind blows, these indications point to an era of speculative activity in the Old World.

Our foreign trade report for the month of May made a rather unfavorable showing, at least as far as exports were concerned. The aggregate value of exports of cotton, oil, breadstuffs, provisions, cattle and hogs was about \$26,789,000, as compared with \$38,679,000 in May of last year. The decrease in value was chiefly in the item of cotton, but it may be mentioned that the comparison as regards this staple was made between an exceptionally light month this year and an unusually heavy one last year. In May of this year the value of cotton exported was only about \$3,400,000, while in the same month of last year it was about \$13,600,000. The next heaviest decline was in provisions, the value of these exports being about \$5,500,000, a decrease of more than a million. All this is regarded as pretty good evidence of the efficacy of speculation in destroying foreign trade. It is shown that the advance in the prices of provisions has been about as artificial as the recent rise in the price of wheat, smaller exports being accompanied with greater production and higher prices. This is notably the case with corn, in which there has been a heavy decrease in exports, notwithstanding a large crop, and yet prices have been advanced. In the case of cotton the price has been held materially higher than a year ago. Some observers declare that in view of the decreased export movement in cotton, and the proportionate small advance in cotton goods, and the indications of a good crop for the coming year, the present price of raw cotton is higher than justified by the condition of affairs.

The Inter-State Commerce Commission's whole batch of cases arising from the long and short haul clause, excepting a few unimportant ones, has been cleared off the docket by the decision recently rendered, to the effect that competition is one of circumstances and conditions to be taken into account in the determination of a railroad's relative rates. The only way to get on at all was to do what has been done, that is, to declare the commission's view of the disputed clause, and then to authorize the roads to follow this interpretation, taking the risk of making the right application of it in especial cases. The substance of the decision is found in the fifth paragraph of the elaborate opinion, as follows:

That the existence of actual competition which is of controlling force in respect to traffic important in amount may make out the dissimilar circumstances and conditions entitling the carrier to charge less for the longer than for the shorter haul over the same line in the same direction, the shorter being included in the longer in the following cases:

1, when the competition is with carriers by water which are not subject to the provisions of the statute. 2, when the competition is with foreign or other railroads, which are not subject to the provisions of the statute. 3, in rare and peculiar cases of competition between railroads which are subject to the statute, when a strict application of the general rule of the statute would be destructive of competition.

It seems that the principle upon which particular decision shall be made will be that monopoly in carrying shall not be favored, but that competition shall be preserved. This is good economic doctrine, and it is certainly good American doctrine. The courts of law will probably sustain it, and so will public opinion.

The real estate speculation in the West, of which we hear so much, is probably exaggerated. To represent it as unprecedented is certainly an error. A similar rise in real estate values took place between 1878 and 1882, but at that time less general attention was directed to speculation, and news bearing on commercial and financial matters was less a feature of the newspapers. Perhaps it is because they were never written about as much as they are now, that the Western land operations appear "unprecedented." The active railroad building in the West is of course the main cause of this extensive land speculation. But even in this city operations in real estate are larger and more active than is suspected. It is estimated that between \$80,000,000 and \$90,000,000 will be spent in new structures this year, against \$65,000,000 last year. It is a fair assumption that the much talked of land speculation is no greater than it has been at other periods; that the real estate boom, like booms in other branches of business at this time, is general and reasonable, and so far at least it has not developed any dangerous features.

Currency contraction has been the subject of a good many absurd stories in the newspapers, and a contemporary, *The Commercial and Financial Chronicle*, takes the trouble to contradict them. According to this authority there is not only no contraction, but there is no danger of any. On the other hand there is a constant increase. That bugaboo, the retirement of National bank notes, has become a matter of little moment as an influence on the volume of the outstanding currency. As a matter of fact it will take three or four years at least to retire the national bank notes for which deposits have been made by the first of July. They come to the treasury for redemption at the rate of about \$150,000 per day. They are paid virtually by the issue of small silver certificates, and that issue offsets and will continue to offset the amount presented for redemption. Hence, as a question of currency volume, the retirement of bank notes has in it nothing to frighten the most timid mind.

THEORY VS. FACT.

It is a source of no little pride to every American that he can point with so much assurance to our national history for a hundred years, in illustration of the limitless possibilities of advancement in every department of mechanics, science, art and literature which have been not only opened up, but diligently and profitably employed to the upbuilding of our people and the enlargement of future resources. And we are apt to express ourselves with the more confidence, knowing that what we now are is the result of no fungous growth of questionable strength and durability, but is the inevitable result of well-directed and concentrated effort diligently applied to resources of exceptional richness and amplitude.

And while we may never cease to wonder at what estate we have arrived, under a favoring Providence, in material things, we may also note with satisfaction the remarkable advance and development in our economic ideas, as related to the use of the best means to the attainment of the highest and grandest results. In this department also we recognize the same gradual but inevitable growth.

To our fathers, this continent, which is now fairly alive with mechanical and industrial activities of every sort, represented, not unnaturally, a stupendous agricultural possibility. They saw in the limitless acres before their eyes the very apparent means for an independent livelihood for themselves and their children to the remotest generation. If it occurred to one of them that anything was possibly to be accomplished here, beyond the tilling of the soil, that possibility was narrowed down, without doubt, to some simple effort of the mechanical sort which would be but an inferior adjunct to the more beneficial and productive enterprise of farming. There can be little doubt that this idea possessed men quite universally a century and more ago. Their birth and education were responsible for this, and they could not look beyond the veil as yet. The immensity of the land of promise, moreover, staggered them. In their dreams the solitary wilderness was transformed into ample and cultivated farms. They could see no surer way for the employment of their limited means, and to their self-contained understandings there could, assuredly, be no more profitable way. And so far as the strength and security of the country they had learned to love was concerned, their most flattering visions furnished them nothing that would contribute more largely to this than abundant crops.

■ To such minds with such pronounced predilections it is not strange that the idea of the encouragement of manufacturing enterprise, at least beyond the narrow limits of what would prove to be a spon-

taneous growth, was unwise, almost irreverent. To accelerate such growth by artificial means on the part of the Government was to circumscribe and confine a possible, yes, inevitable advance in wealth and material strength. It argued nothing that other nations had for years pursued a regulative policy with apparent advantage, since in no other land under the sun had there been found or heard of, such natural advantages of soil and climate. Our prolific territory was a new revelation.

It was assumed by our fathers with remarkable simplicity of faith, that, if this country was to become the abode of mechanical or extensive commercial enterprise, it was within no human effort or possibility to add to or accelerate such a tendency, and unwise in the extreme did they conceive it to be, to even think of attempting any such policy. And in all this it would be unjust in us to say that they were not actuated by the highest and most unselfish motives for the ultimate prosperity of the goodly land they had adopted.

As has been intimated, the founders of this republic conceived that they had been brought face to face with surroundings and conditions entirely new in the history of the world. To a certain extent this was true. But when they proceeded to ignore the general principle upon which all permanent prosperity, national or individual, rests, namely, the complete and highest development of every God-given faculty or resource in whatever direction, they displayed their lack of appreciation of the legitimate demands of the situation. Some of the considerations which influenced them in their conclusions are not far to seek.

First, the population bore no resemblance to the extent of territory to be improved. Agriculture was to them the foundation of all things desirable, and with such limitless resources in this direction where could time, money or individuals be found for the encouragement of anything else. No allowance was apparently made for a more extensive population of the much-loved soil. No one, not even Hamilton himself with his remarkable penetrating vision, ever presumed to predict in adequate terms the future possibilities of the infant nation he was assisting with consummate skill to foster and train into vigorous life. And at this distance, it is interesting to compare the America which he beheld in prospective vision, and which was in every way conspicuously in advance of the average thought of his time, with the America of the last quarter of the nineteenth century. The actual growth has been as much in advance of his most ardent anticipations, as his predictions at the time overleaped the narrower outlook of his cotemporaries.

Again, it was imagined by those sturdy lovers of independence that manufactures could never flourish, with the restraining subjective influences which they must inevitably engender, side by side

with the free and unfettered condition of the tiller of the soil. The attractions of the one would be too great for any possible allurements of the other. They did not comprehend what Hamilton was wise enough to discover, that mechanical enterprises of every sort stimulate the mental faculties and thus give birth to greater thought and skill and deeper research than often result from less technical pursuits. This, too, was overlooked as an advantage offsetting to some extent the undoubted superior claims in some directions of the life of the husbandman.

Then, it was claimed that the disadvantages under which we should constantly be obliged to labor for want of sufficient capital, when compared with the affluent condition of European countries, would forever banish all hope of our success as a manufacturing people. It may not have been their fault, for they had had few opportunities to learn the fact now so apparent and reasonable, that the mechanical arts uniformly open up the way to wealth and material prosperity in every department of man's needs more quickly and surely than the pursuit of less stimulating if equally necessary and commendable vocations. Furthermore, they failed to see the necessary relation which would ever exist between the man who runs the machine and he who tills the soil, making the conditions of each forever interdependent. This lesson also was learned by slow degrees, that a redundant population is not and never has been the concomitant of success in any manufacturing community. There is still another false notion to which our forefathers fell heirs from some unknown source, and which the superior light of the present years of grace has not entirely obliterated. It is, that the encouragement of manufactures by the expedient of protective laws would be a detriment to the rest of the community and a premium offered to wholesale monopoly.

Now, if we will transport ourselves in imagination back to the times and surround ourselves with the conditions under which those who reasoned thus lived, we may not be so much surprised at the theoretical attitude assumed toward this and other economic questions which were forced upon their attention. They were in a hand-to-hand conflict with mighty problems, for aid in the solution of which they had had no previous training or experience. They could hardly be expected to revert with readiness or satisfaction to what had been accomplished in other countries in similar directions, inasmuch as it was, and from the start had been their utmost desire to eliminate the threads of error which they had discovered in the structural fabric of other nations, and from which they had been fervently praying for relief. How could they assure themselves that in following the pattern in some particulars they would not engraft to some extent this tissue of error? It is thus, by putting ourselves in the light which illumined their understandings and prejudices,

that we are found to exercise a broader charity for those who appear to us of a later day to have been so dull of vision. The greater credit must be assigned those who, reasoning from facts and principles unadorned and bearing no local feature, were profound and penetrating enough to recommend, and as by faith pursue a course which has brought such beneficent results to our nation. The tariff of 1789, which was very largely the fruit of the suggestions of such men as Morris and Hamilton, and from which was derived in two years an income of nearly four and a half millions of dollars in aid of the struggling Government, has never been entirely remitted. And although it has been subject periodically to the tinkering of ambitious or shortsighted men, it has remained in force, in form and feature suited to the requirements of our advancing state to the present time.

Apologies are always in order for those who seem to err through inexperience or an unavoidable want of information; but strange indeed it seems, when in the face of experience and recognized facts, covering a long period of diversified history, there are to be found those who are willing to affirm with all solemnity that in their opinion the protective tariff is a failure in so far as it aids nascent industries. But in spite of all light and reason, good men are found to-day who hold to just these opinions as strenuously and without doubt as conscientiously as did those during the time of Hamilton and his collaborators.

Our fathers believed in the cultivation of the soil to the exclusion of less profitable pursuits so considered, since they could see no reason why a day's labor in the field would not exchange for its equivalent in manufactured necessities brought from other lands; why a sheep or a cow was not convertible at all times and under all circumstances into a fixed and unchangeable quantity of shoes and wearing apparel for the use of themselves and families.

No speculation was farther from their innocent hearts than that there could by any possibility exist such a condition of things as a redundant market for their surplus products. It did not occur to them to inquire, if all men or nearly all are producers, where are the consumers? If every man is able to support himself and family by the direct labor of his own hands, to what source must he look for the disposal of his surplus product, or, what would amount to the same thing, his accumulated wealth.

Now, if the growth and material advancement of this country for a hundred years may teach one lesson more conspicuously than another, it would seem to be the same one so feebly comprehended at the beginning, namely, that multiplied industries always assist and are a necessary concomitant of such marked advancement. The human faculties never appear at the best by being circumscribed or confined. The eternal law of compensation is nowhere more grandly illustrated

than in the realm of the mental endowments. The unfettered course of development of those powers is always in the right direction. It is an argument of little force and pertinence to affirm that with nations as with individuals, each should pursue such lines of activity as are best adapted to particular circumstances or capacity. The human intellect repels any such assumption; and yet it is as old as the subject itself. If there is any law restricting the range of man's mental desires and aspiration so long as they do not interfere with or debar the same freedom in others, that law is of human origin, and hence, being tyrannical, is of none effect. The more extensive and ample the resources the more pressing the invitation to make the most of them. This is no less the law of mind than of matter. Hence the unwisdom of assuming to declare even the possibility of exceeding the limits of a proper development of the material resources of this or any other nation. There is no such possibility. And if regulative measures to the end of accomplishing the highest results are necessary, as proven by the best thought and experience, no fears need be entertained that any temporary inconvenience will not be succeeded by an advantage and permanent advancement of surpassing richness and amplitude. Thus reasoned those penetrating minds which gave to us our laws of this character, and this is the burden of the logic of later events in our national life.

WILLIAM WOODWARD.

HISTORY OF THE CHICAGO WHEAT DEAL.

The recent and disastrous collapse of the most remarkable deal in wheat ever attempted in this country, and the failure of the most gigantic corner ever seen in any market, is of such importance to both the financial and commercial interests of the country, that a careful history of its origin, operations, methods and results, upon the individuals and banking institutions directly or indirectly affected is worth giving.

About the beginning of this year, the Chicago wheat market was first made the scene of operations of what was then first and popularly known on this side of the Rocky Mountains as the "California Syndicate," which had already been operating in, and had obtained control of the California wheat market at San Francisco, as well as of all the California wheat on passage to, and in the Liverpool market, where they were also long, and English speculators, short, as was supposed, for a large amount, over and above the actual wheat they owned.

To this load was afterward added the California wheat on the way to, and in the London market. This syndicate was represented in California, by a San Francisco operator of the name of Driesbach

who was reputed to have unlimited credit at the Nevada Bank, in that city, from which the impression became fixed, that the Nevada Bank people, or bonanza kings and their friends, led by Mackey, formed the syndicate. Hence it was sometimes called the Nevada Bank Syndicate, although the officers of the bank took pains to deny that it had any interest in wheat, except so far as they loaned money upon it in the regular course of business, like any other bank.

The origin of this syndicate has been credited to Mr. Mackey, who was in Paris last year, at the time the European crop was so seriously damaged, as to make everybody who returned from there, most enthusiastic bulls on wheat. It has been said and believed that Mr. Mackey came home, like all other Americans, believing that this country held the key to the wheat markets of the world and could dictate prices again as in 1878 to 1882, and that he succeeded in converting several of the large shippers of San Francisco, who had been rampant bears, and had gotten short in the European markets at a low figure, calculating on a further decline, on which to cover, either by shipments from California at lower prices, or by settlement of differences. When, however, this damage to European crops occurred the foreign markets all advanced sharply before the crop year 1886-87 had begun, leaving a big loss on their short interest.

Acting, it is said, on the advice of Mackey, they covered this interest and then went long in Liverpool and afterward in London, beside buying all the wheat that came on the California markets, by which they secured control of all shipments from the Pacific coast and put the price so high as to stop exports from there before the end of 1886 and advanced the Liverpool market, until they scared the shorts there into covering. They then had the stock abroad, also that on passage from California and the stock in the latter place. During the time from October 15th to January last, the markets of Europe and this country were all advancing until 2 red wheat in New York touched within $\frac{1}{2}$ cent per bushel the old "dollar low water mark," before 1883, and nearly everybody, but the late "Big Four" bear combination and their followers in Chicago, had turned bulls on wheat, the foreign houses and exporters being the biggest of all. On January 3d, the high water mark was reached, the longs for European account sold out and turned bears, after selling out the heavy shipments they had on the way. Seeing their chance to retrieve the heavy losses, the Chicago bears had sustained on the advance in December, which scared most of them to cover, they literally jumped on the market and hammered it until it broke nearly 20 cents from the top. Meantime the heavy shipments from Atlantic ports, which had been bought on the other side largely by speculators, when everybody in Europe was bullish, began

to arrive there and the trade did not take it off their hands as expected, because the heavy shipments of American flour from here had glutted European markets at prices with which English millers could not compete, and a large part of them were compelled to shut down, which lessened the demand for our wheat. Then followed a rush to sell these arrivals off coast before the profit there had been in them should all disappear.

It was at this juncture, to save their big stocks and shipments of California wheat, that the California syndicate appeared in the Chicago market and began buying there, where the break was started and carried Europe with it, and where wheat was then the cheapest of any market in the world. Their purchases began, however, when the break of nearly 20 cents had been but half completed, but they followed the market down until they had a loss of 10 cents per bushel in their first purchases; but they reduced their average so that when the market finally struck bottom their wheat stood them about 5 cents above the lowest prices. During this time they had not bulled the market, but quietly bought, as cheaply as they could, until they were supposed to be long 10,000,000 of May wheat in Chicago. This was nearly all bought through the Chicago house of Field, Lindley & Co. At first the idea of a syndicate was laughed at by the bears, and every time their brokers appeared to buy, the "Big Four" gave orders to "sell it to them—sell them all they want." After they had taken 10,000,000, however, and seemed ready to take, and even to want more, the bears began to look around to see who this mysterious syndicate was composed of, and to "size them up," and "the height of their pile."

Their investigations satisfied them that the "pile" was high enough to take all the "cheap wheat" they would sell. They then reversed their tactics and sold the "clique," as it was afterwards called, "on all bulges." But when they found the clique still took all they offered, and that the "bulges" were getting unpleasantly frequent and the "breaks" further apart, they became afraid to sell more. The clique had gotten 20,000,000 of May wheat by that time, while the sellers were short in Chicago that amount, although many of them were long in every other market in the country, for Chicago had become relatively the highest instead of the lowest market in the world. Then came the tug of war between the biggest houses in the trade and the clique. The smallest shorts took fright in March and "climbed over each other," as the saying is, to cover, as their margins were fast disappearing and they had no more.

A number of the "straddlers," as they are called, "went under," as Chicago went up on these frantic efforts of the shorts to cover, while the other markets of the country, being long, did not follow. A regular panic of the shorts ensued until 86 was reached for

May wheat in Chicago, when most of the big bears covered, and even many of the big "straddlers" who had been able to margin up. For the clique had them so tight, that they saw no way of escape. When this big game was ready to surrender, the clique met them and let them have all the May wheat they wanted at 85 and 86; but as soon as the bears thought the clique had done squeezing them, they grew bold and sold it down again, until they found the clique had bought their wheat all in, when they would rush to cover and the clique would again sell it back, at 2 and 3 cents advance.

In this way the May option in which the deal was started, was "milked" several times until the whole crowd of shorts and bears saw that the clique was strong enough to appear weak when the market was weakest and buy to "support it," and ready to sell whenever it was strongest. Up to this time the trading, except by foreign houses, was almost exclusively in May. But after this the bears decided to boycott May and the clique, and refuse to sell it to them, but would sell June short at 3 cents per bushel discount instead of 2 cents premium—the usual carrying charge. But to their amazement they found that new brokers, representing either the California syndicate or some other had been buying all the June they had sold as well as their May. Then came the discovery that there were two if not three cliques in the Chicago market and that somebody was working the New York market in sympathy. This was during the month of April, when C. J. Kershaw & Co., Rosenfeld & Co. and Irwin & Green came to the front of the deal, and Field, Lindley & Co. gradually withdrew.

It was then found that the new clique headquarters were in Cincinnati, and that the orders came from there to Irwin & Green and Kershaw, while it was supposed at first that Rosenfeld had supplanted Field, Lindley & Co. as the representative of the California clique, on account of some social connections in San Francisco. For a time, also, Geo. Walker & Co. represented what was afterwards found to be a Texas or Galveston clique, which came in later and went out earlier, with 7,000,000 of May on which they took their profits in April. During this month the purchases of the two chief cliques had grown to 40,000,000 including the 13,000,000 of cash No. 2 wheat in Chicago stores which they expected to have delivered to them and to pay for on May 1st. It was still understood during that month that the California syndicate was still in the Chicago deal, and Rosenfeld running their end of it and Irwin & Green and Kershaw the Cincinnati end, until the May deliveries were made, and disclosed the fact that the Californians had gone out, when Field, Lindley & Co. went out of the deal, although this was not generally believed until into May, after the failure of the clique to get the money expected to take in the

May wheat, showed to insiders, the source of their supplies, which was not the Nevada Bank or its friends. The failure to get this money caused a change in the programme of the Cincinnati clique, which controlled the whole deal after about the middle of April, as Rosenfeld turned out to be their broker also. This change, was the turning of the deal into June instead of cornering May as first intended. P. D. Armour is credited with causing this change, as he was heavily short in Chicago against straddlers in Milwaukee, Minneapolis and Duluth, from which he could not bring the wheat except at a fearful loss. In order, therefore, to break Chicago, where he could get out, he took the available funds of the Chicago banks on time loans on the first of April, it is claimed, on good authority, for two months, and then told the banks to loan it out on call until he wanted it. This they did until the middle of the last week in April, meantime these banks had encouraged the clique that they would let them have the money to take in the May deliveries, and the clique relied upon getting it in Chicago and made no arrangements elsewhere. On the middle of the last week in April, Armour ordered the banks, from which he had borrowed to call in his loans. It was too late to get money elsewhere, and the clique had to drop the bulk of their May wheat and turn the deal into June. This caused a panic in May wheat that sent it 2 cents below June instead of three cents above, as all the followers of the clique were long of May, expecting that it would be taken on the first of the month. On this break, Armour covered his May shorts in Chicago which he had not taken in at 85, and stood long in the other markets from which he is said to have promised the clique brokers that he would ship none to Chicago nor oppose them in running the deal in June, nor sell the market on them. After he had covered his May shorts on the last day of April, he is said to have let Kershaw, of whom he is an old friend, the money to take in 7,000,000 of the 13,000,000 delivered on May 1st. In the meantime, the other big "straddlers" in Chicago and New York had gotten out of their shorts in Chicago and shipped their long wheat in other markets to New York. But all the No. 2 spring in the Northwest, and some No. 1 as well as 2 red was held back to see what the clique would do in June and to get the corner price in Chicago.

From May 1st to June 1st, the Cincinnati clique had full control of the Chicago market and played with it, to the consternation of the bears in June, who repeated their folly of May, paying the clique 3 cents premium for June and selling them July in return at the discount. The profits of their operations for May were believed to be very large, and before June 1st they had their money ready to take in the balance of the 13,000,000 of cash wheat in Chicago and pay for it, which they did on or before the 1st of June. After

this, there was no doubt of the clique's financial resources, and everybody expected to see June wheat put to \$1.00 as the clique threatened, and that they would not let the big bears in Chicago cover until the market got to that point.

But with their taking in of the June wheat began the scouring of the whole Northwest by the shorts and shippers for all the wheat to ship to Chicago that there was in the country, and the receipts poured into that market until there was no elevator room to receive more, and other than grain warehouses were declared regular by the board in order to let in more wheat. This so drew upon the resources of the clique to pay for their daily receipts that their money was exhausted by the middle of the month, when more was called for and was not forthcoming, which showed the first signs of weakening by the clique or its brokers. Yet, after the conference in Chicago, which has since become famous, the clique representatives returned to Cincinnati and raised \$600,000 more in the way that afterward ruined the clique bank in that city, leaving it with only \$1,800,000, "assets" of which but little is cash, to meet \$5,500,000 liabilities. Notwithstanding this last supreme effort of the clique, to raise money to hold the deal, and which no doubt would have been enough, one of its brokers, who has since been accused of selling the clique out to the Chicago bears, whose ruin seemed certain, for pay, and for which the clique agent has sued this firm of brokers for \$2,000,000 damages. As a matter of fact, which no one denies, the panic which broke all the clique brokers but one, and fully twenty firms on the Chicago Board, beside the Fidelity Bank of Cincinnati, and its vice-president, and involved numerous grain firms and bank depositors in the two cities, was started, if not made by the open and bearish selling of this broker. Even then, the \$600,000 additional money deposited to another clique broker would, no doubt, have saved the second panic, had not the president of the clique broker's bank in Chicago taken several hundred thousand dollars of this \$600,000 deposit from Kershaw's account and placed it to the credit of the president's own firm, which was also one of the clique brokers, without the knowledge or authority of the depositor or of Kershaw.

In the midst of all this ruin and disgrace there is also the humorous side of the situation, although it is grim humor. Among the most pertinent hits of wit and fact at the expense of the characters in this business tragedy are the following, which come upon inside authority, and are really a part of this history. It is said that Armour stirred up the hornet's nest, and after setting the bank examiners on to the Fidelity Bank of Cincinnati and the American Exchange of Chicago, they got after Armour's own bank, with the rest of those doing business on the Board of Trade in Chicago. But he got wind of it just in time

to replace \$1,500,000 of collateral he had in this bank, to secure his own loans from it, with such as the bank examiner would accept. But he is said to have had lively scratching to get to the bank with his good collateral in time to take up his other kind before the examiner got there. This is said to be but a sample of the overhauling and substitution of good for doubtful collateral in the Board of Trade banks in Chicago.

But the Chicago banks were not the only ones which the bank examiners have been after. The banks in New York doing business for the Produce and Coffee Exchanges especially, have been called upon by the agents of the Government, who are understood to have invited more than one to make good their securities for losses on these staples or their equivalent in cash. It is said that there was some lively work of this kind going on down town for a week or more as well as in Chicago, Cincinnati and other points afflicted with speculation.

In connection with the Chicago American Exchange National Banks being overhauled by the examiner and the transactions of its president therewith, and with his own firm of clique brokers, Irwin, Green & Co. and Kershaw, and the Cincinnati clique and the Fidelity bank, an old and characteristic story of the Chicago Board of Trade has been revived at President Irwin's expense. It appears that he originally came from the Oswego family of Irwins, who are the great Moguls there in the Canadian barley trade. When Mr. D. W. Irwin first emigrated thence to Chicago he followed this business, in the course of which he became possessed of a cargo of barley on a declining market which he could not sell to the trade. He therefore went to several of his friends, it is said, and gave them the point that barley was going higher, and offered to buy a cargo on joint account with each of them. They accepted his offer. But barley went down and kept going down until they ordered their joint account trades closed out. In speaking to each other of their losses afterwards on barley, Mr. Irwin's friends found that he had put them each in for half a cargo of barley, and by comparing notes they discovered that instead of his being a joint owner with them he was actually short of the barley he had unloaded on them. It is now asked, in view of the fact that his firm is the only clique broker here that has not failed, including the clique itself and its bank, how many cargoes of wheat he had "bought on joint" account with his friends before the panic came. Also if his bank had any of these joint account purchases of wheat, and if so how much, and if he has transferred any other people's deposits than Kershaw's to his own firm's account. A good story of how an outside receiver of wheat made a clean $7\frac{1}{2}$ cents per bushel out of the clique in June wheat in New York, has come out on the Produce Exchange. This receiver had sold three loads of 2

red wheat to an exporter, to arrive that month at 97½ cents before the Chicago panic struck this market, and in order to lighten their load this clique, while holding June above 95 cents, sold at 90 cents all the shippers would take out of this market. The receiver sent an export broker to the clique and bought three loads of 2 red at 90 cents for export for the same delivery as the three loads he had sold to arrive, and turned it over to the exporter to whom he had sold at 97½ cents, and sold June against his original three loads, to the clique. When it arrived he got ¾ cent difference from the clique for his wheat afloat, and took three loads in store when he delivered it on his June contracts and cleared over \$2,000 on the three loads of wheat, out of the clique before they found out what he had been doing. But they didn't say a word and paid the difference.

Although no account has been, or can be made by an outsider of the profits and losses of the deal, it is safe to say, from the fact that the California syndicate went out of the Chicago deal in April, that they must have made a good thing at least, in the Chicago market, although their profits and losses on their California wheat are doubtful quantities, and the balance as likely to be on the wrong as the right side of their ledger. That the Galveston clique made good money, there is little doubt, as it came in after it became profitable to be bulls, and went out before it became unprofitable. The Cincinnati clique was probably about even up to April, while they are said to have "milked" half a million dollars profit out of the Chicago market in that month, and up to the last week in May. Since then, and up to the panic, it is doubtful if they cleaned up much, although up to the collapse they had big profits on paper that were not realized for want of the comparatively small sum of a million or two more of money to enable them to carry successfully through one of the best planned and most ably managed deals ever seen, for they had large shorts in for big amounts, and where they would be compelled not only to pay the clique a high premium each month for the cash wheat which it had taken and paid for, in order to cover their shorts, but also to carry the clique's wheat for them for nothing, so long as they remained short of the later options at a discount instead of at a premium of 1½ cents per month, which had broken the backs of the bulls for three years. As the clique had taken in and paid for the whole stock of 13 million of No. 2 wheat in Chicago, on June 1st, and paid for two million more of receipts up to the time of their failure, the only thing they needed was enough to take care of the receipts for the balance of June, if they intended to drop the deal at the end of that month, in which they had the big Chicago bears as tightly as in a vise, and could have forced them to have paid the \$1 per bushel proposed for 20 to 25 millions of bushels

sold at 76 to 90 cents. From this it would seem that the clique had nearly exhausted their credit in raising the money to take in the June deliveries, which, at an average cost to the clique of 85 cents per bushel for 13 million bushels, required 11 million dollars, and $1\frac{1}{4}$ million more to pay for the June receipts, making an aggregate of about 13 million dollars paid out by them for cash wheat. Of this amount the Chicago and eastern banks, it appears, from the fact that they were left after the clique collapsed, with its cash wheat at 70 cents, furnished all but 15 cents per bushel, or $10\frac{1}{2}$ million, leaving the clique to raise the other $2\frac{1}{2}$ million. In addition, the clique had been called for margins down to 75 cents per bushel on its 20 to 25 millions of long June which had averaged them about 85 cents. This required 2 to $2\frac{1}{2}$ millions more, making an aggregate of 5 million of dollars that the Cincinnati clique had been able to put up when they found themselves unable to raise more than the \$600,000 by hook or crook, which Wiltshire last took from the Fidelity Bank and Harper, of Cincinnati, to put up in the American Exchange Bank in Chicago. For the want of another million, therefore, it would appear that the clique failed of carrying through successfully the biggest deal on record with enormous profits. For had they only the smaller estimate of 20 million bushels of long June wheat at an average of 85 cents, and had compelled the shorts to cover at 95 cents, to which they had already put that option, it would have given them a profit of \$2,000,000 to be added to the \$500,000 in April and May. Had they forced the shorts to pay \$1, as they no doubt would, since they absolutely controlled the market, no one else having any cash or June wheat, it would have added another million to their profits, making \$3,500,000 on \$6,500,000 of money put up and \$13,000,000 borrowed, or a total of \$20,000,000 which the clique was required to raise, and all of which except \$1,000,000 they had raised. It may be said that they would have been left with the 15 to 17 million bushels of cash wheat they had bought, on which there would have been a heavy loss. But this is by no means certain, for the wheat on average cost them no more than 85 cents, and perhaps less, while the Chicago market was already up to 95 when the collapse came. After the shorts had settled, it is not at all unlikely that the clique could have sold their cash wheat to exporters at 90 cents, at which 2 Milwaukee was then selling in New York, which with 10 cents freight from Chicago, would have left a loss of only 5 cents per bushel, even supposing the clique had been unable to further advance the cash market, as they no doubt would, on the June corner. This would have left a loss of 5 cents per bushel on 15 million bushels, or \$750,000, still leaving a profit of \$2,750,000 on the deal. But the clique had a good deal of July wheat also bought at less than the market, which they could have squeezed the shorts

in that month on, after they were through with the June shorts, or they could have sold out their cash for July at 85 cents, which would have covered cost, as the shorts had already put that month to that price for fear the clique was going to carry the deal into July also. This would have left the whole \$3,500,000 as profits to itself and its brokers and money backers, which would have been big enough profits if they had dropped the deal with the end of June and delivered their cash wheat on their July contracts on the first of that month.

It had been said that Armour would pick up the deal after the clique had been compelled to drop it, and he even announced himself that he had taken 5,000,000 of the clique's June wheat on the second panic, when fifteen firms were compelled to suspend because the American Exchange Bank threw out Kershaw's clearing house check for \$200,000, drawn on the funds deposited in that bank to his credit by Wiltshire, of which \$200,000 had been transferred by the president to his own firm's account without the consent or knowledge of either Kershaw or Wiltshire, who claimed they would have weathered the storm and the market recovered, had it not been for this action of the bank.

Indeed, the next day, Mr. Armour stated that he had offered the banks 70 cents for all the clique cash wheat they held, and that they had refused it. Their subsequent sales of this wheat, however, at 70 or less in some cases, has created the impression that Armour was compelled, for want of bank accommodation, after the bank examiner reached Chicago, to abandon his supposed intention of taking up the deal when the clique dropped it and carrying it through.

It is now asserted that he helped Kershaw to hold on for several days before finally failing, in order to enable him (Armour) to make his arrangements for money to carry out this plan. But that he failed, and is left not only with a large indebtedness from Kershaw, but also a big load of wheat bought before the market struck bottom. Since the break, however, Europe has bought enormous amounts of this Chicago wheat for shipment, and with exports of about 2,000,000 bushels per week from Atlantic ports till next harvest, it is believed our surplus will all be taken at these or better values.

Thus ends the greatest wheat deal on record; but not so its effects. Who made the money lost on the deal? is now asked. Not the Chicago bears, for they covered before or on the break, while they lost more in March and April than the clique lost in June. In the first place, the owners of cash wheat all over the country got from 5 to 10 cents more per bushel for their wheat than it was sold for after the panic. In the second place, the foreign shorts in the next crop options, which broke with June and

July, covered on the break with heavy profits, and then bought the clique's cash wheat for shipment at the decline of 10 to 15 cents less than they were paying before the panic, and would have been compelled to pay till next crop in Europe. Hence Europe has made the bulk of the money lost in the deal, and the farmers and holders of cash wheat in this country who sold to the clique at the advance, but not the Chicago bears, including Armour, who helped break the clique.

What their losses have been can only be roughly estimated, as there is no means of getting at the extent of the option trading, which was simply enormous, running up to 100,000,000 bushels on the worst day of the panic in Chicago, and to over 30,000,000 in New York, when commission houses worked all night, to find where they stood and call margins on out-of-town customers, while on both boards of trade everybody was simply wild with the excitement that followed the collapse of a clique that had been regarded as all-powerful, and on the second day of the panic, when fifteen more firms on the Chicago board went under, till nobody knew who was sound, nor even if he himself was solvent, until he could close out his trades, get up his margins, and find how and on which side of the market he stood. But the losses on cash wheat can be approximately estimated by calculating the decline of 25 cents in Chicago on all the spring wheat in the visible supply of 41,000,000, and the loss in New York at 12 cents on June wheat, on all of the 2 red in the visible. This would be 25 cents on about 30,000,000 bushels, or \$7,500,000, and 12 cents on about 10,000,000 bushels, or \$1,250,000—a total of \$9,000,000 on our visible supply. The loss on the invisible supply cannot be known till the end of the crop year, but is probably as much more, or \$18,000,000 on cash wheat, of which the greater part has gone, or will go, to Europe before another crop, and the balance to our producers and dealers in whose interest, be it said to its credit, the clique was working, as well as its own, while the Chicago bears have done all they could as wreckers, to injure the great grain-producing, and commercial interests, on which they have lived and fattened for four years past.

H. A. PIERCE.

THE MARITIME EXCHANGES.

Among the numerous institutions for the promotion of commerce brought forth through the evolution of grand enterprises, the Maritime Exchanges of great commercial nations are entitled to a conspicuous position. The aid given to maritime interests by such associations is of almost inestimable benefit. They are the chief centers of news pertaining to ocean navigation, and their assistance to the mercantile interests is as indispensable as market reports are

serviceable to the merchant and importer. Among the objects for which such bodies are organized, the following may be prominently noted :

Protecting the interests of navigation; correcting abuses in the maritime service; establishing rules and regulations for the government of business operations connected with shipping affairs; providing means and opportunities for adjusting differences without expensive litigation; recommending improved forms for vessel charters, bills of lading and other commercial papers for masters and shippers; influencing proper and necessary legislation for the advancement of mercantile interests in navigation, and for supplying reliable information upon maritime matters. While the preceding covers in general terms the work of these institutions, there remains a number of auxiliary topics which may properly be mentioned as coming within the province of their action and influence. Questions pertaining to charges for dockage; commissions for procuring charters; stevedores' rates; pilots, pilot stations and rates of pilotage; marine insurance; quarantine matters; various government services, such as the signal, life-saving, marine hospital, coast survey, lighthouse and revenue cutter; regulations for tow-boats and their charges; wharfage, and the establishment of elevators at tide-water, etc.; each has an important connection.

Charges for dockage are reckoned per register ton per day, and the rate varies in different ports; a medium rate is half a cent. Commissions for procuring charters are made at a per centum on the amount; five per cent. is a moderate rate, and in some ports more is charged. The following table furnishes the rates charged by the stevedores of a prominent United States port, and may be taken as a fair average for this country:

DISCHARGING.		LOADING.	
Coal, per ton of 2,240 lbs....	25c.	Hogs' ds, shoofs and heads, each.....	3c.
Iron, per ton of 2,240 lbs. (according to kind).....	20 @ 50c.	Measurement per cubic foot..	40 @ 60c.
Sugar, hhds., each.....	16 @ 25c.	Barrels (wet), each.....	4c.
Sugar (East India), per ton of 2,240 lbs.....	35c.	Barrels (dry), each.....	3c.
Logwood, per ton of 2,240 lbs.....	30 @ 40c.	Oil (cases), each.....	1½ @ 1¼c.
Lumber, per 1,000 superficial feet.....	60c.	Oil (bbls.), each.....	4c.
General cargo, per cubic foot.	35 @ 40c.	Lumber, per 1,000 superficial feet.....	55 @ 60c.
Hemp (Phillipines), per ton..	20c.		
Hemp (Mexican), per bale....	3½ @ 4c.		

State laws regulate the appointment of pilots. They are usually taken from the boats' crews after some years of service, and when first commissioned are authorized to pilot vessels of not over 14 feet draught of water. If their duty is well performed, this right is extended to two feet greater draught each year, till a full branch is attained, or the right to carry vessels of any size or draught.

They are liable to be suspended from duty for any negligence, reckless management of vessels under their charge, intemperance, or other misbehavior, and in extreme cases may have their commissions revoked altogether. It is made compulsory upon vessels of over 200 tons from foreign countries entering ports of the United States to employ the services of a commissioned local pilot; vessels of 200 tons and under may decline a pilot's assistance, but must pay half the regular charges. Vessels "regularly" in the coasting trade and fishing vessels, or those of less than seven feet draft of water, are not required to employ a local pilot, nor to pay pilot charges, but they sometimes do so as a matter of choice. The boats carrying pilots are almost invariably schooner-rigged, and are known by numbers, which appear upon their mainsail and jib. They wear regulation flags by day, and show such lights and rockets at night as the laws stipulate. Pilot charges vary at the different ports of the United States, and the inward rates, too, are greater than those for the outward trip. The following table is compiled from the pilot charges for the port of New York:

RATES OF PILOTAGE OF NEW YORK HARBOR,

*From April 1 to November 1. **

Feet. and Inches	INWARD.				OUTWARD.	
	Rate.	Pilotage.	Off Shore	Total.	Rate.	Pilotage.
6 ft. to 13 6.	2.78	16.68 to 37.54	4.17 to 9.38	20.85 to 46.92	2.02	12.12 to 27.27
14 ft. to 17 6.		47.32 to 59.15	11.83 to 14.79	59.15 to 73.94		32.62 to 39.61
18 ft. to 20 6.	4.13	74.34 to 84.66	18.58 to 21.16	92.92 to 105.82	3.08	55.44 to 63.14
21 ft. to 28 ft.		102.48 to 136.64	25.62 to 34.16	128.10 to 170.80		74.76 to 99.68

The signal service of the United States has 140 stations, which take simultaneous observations of the barometric pressure, temperature humidity, direction and velocity of wind, amount of precipitation, state of weather, etc. These stations are located in various parts of the country, and the reports from all are collected at Washington, and from there dispatched as "indications" to

* The rates from November 1 to April 1 are four dollars additional in each case.

various points for the benefit of commerce and agriculture; they are given to the press and issued on bulletins at various points. At the chief commercial centers and ports of entry as many as a thousand such bulletins are issued daily. The service forms a branch of the War Department, and the records kept at the various stations are in the custody of the Secretary of War.

The cautionary signal of the signal service is a red flag with a black square in the center by day and a red light by night. When it is displayed at the office of the observer, and at other prominent places throughout any city, it signifies information, to be interpreted in three forms, as—

1. That, from the information had at the central office in Washington, a probability of stormy or dangerous weather has been deduced for the port or place at which the signal is displayed, or in that vicinity.

2. The danger appears to demand precaution on the part of navigators and others interested, and that rough weather may be expected.

3. It calls for frequent examinations of local barometers and other instruments.

There is also a signal known as the cautionary "off-shore" signal, which consists of a white flag with a square black center shown above a red flag with a square black center by day, or a white light shown above a red light at night. This signal indicates that while at the office of the chief signal officer at Washington the storm disturbance is believed as not yet passed for the port or place where the signal is displayed, and the winds may yet be high, and there may be danger, the winds are expected to blow from a northern or western direction, or "off-shore," at or near the port or place where the signal is shown.

The officer in charge of the government hydrographic office at Washington some years ago foresaw the many advantages to be afforded the commerce of the nation by an extension of the service beyond a general office located at the national capital, and decided to call to his assistance the maritime associations of the country. As a result, arrangements were made and carried out with the Maritime Exchanges of New York, Philadelphia, Boston, Baltimore and San Francisco for opening in those institutions branch offices for the collection and distribution of information relating to that department of government service. In the branch offices, which in reality form a part of the Maritime Exchanges, are kept on file all the latest government publications, comprising domestic and foreign light-lists; sailing directions for our own and foreign waters; tide tables; rules of the road; coast survey charts of the United States coast; hydrographic charts of foreign waters; international signal code, and all the latest hydrographic information gathered by the central office from all parts of the world. Here masters of vessels can have their light-lists, charts or other aids

to navigation corrected free of charge, or where such corrections would require too much time and labor, the applicants are advised to consult the standard works here on file, which will assist them in purchasing new appliances or charts, for sale at the various agencies of the government in this or other countries.

To more carefully and minutely describe the field of usefulness covered by these institutions in the New World, reference may be made to a statement printed in a publication emanating from one of the foremost bodies of its class.*

The paper covers a large number of topics, of which, however, it is the aim here to cite only the most prominent advantages.

Commercial intelligence from all quarters of the globe is here received and dispensed at all business hours, while business conveniences generally are provided for members' use. Merchants meet on 'Change at 11 o'clock in the morning and at 3 in the afternoon, when the rooms are thronged; but at all hours there is usually a large attendance of those seeking general or special intelligence. The aggregate number of single admissions to the Exchange reaches nearly four thousand a day. The machinery of the association is simple, but complete and thorough. A board of directors, having ample powers, assisted by a series of committees, shape the policy, and the executive officers manage the affairs under the general direction of the board. Committees are almost invariably appointed "with power," or report to the executive committee to insure harmony of action. This insures a promptness in the dispatch of business which could not otherwise well be attained. The arbitration committee is one of the most important factors of the association. It is composed of business men of the highest standing, and their decisions are rendered with business-like promptitude, resulting in the saving of time, expense, uncertainty and vexation attending suits at law.

Among the sources of revenue come the receipts from the marine underwriters, the leading newspapers, steamship lines, Government offices, etc. The dues of members are assessed annually by the board of directors to cover—not the actual expenditures—but only the amount necessary for its maintenance, after deducting the estimated receipts, with the addition of a small percentage as a reserve against contingencies.

The sources of news are many and various. As is natural from its origin, its specialty is shipping intelligence, and no opportunity for making this complete is neglected. Special wires radiate from the Exchange building to all marine approaches. By day and night expert and watchful eyes observe every movement, and report instantly all vessels in the offing or passing in or out, and all changes of position among the craft in the harbor. Arriving

* The Maritime Association of the Port of New York.

steamers are reported hours in advance of their reaching the wharf, enabling the post-office, the custom-house, and other Government officers, consignees, friends of incoming passengers and others to be prepared for the arrival of the vessel or steamship. Reports, lists of passengers, manifests and other information, are collected from incoming vessels long before their arrival at the wharves. The information sought and reported is not confined to the operations of this port, but special wires are employed to connect the Exchange with many other seaport cities.

Close communication is maintained with the press and news centers not only of this but other countries, whereby much special information comes direct by telegraph. Private advices received by members from their captains and correspondents abroad are contributed to the association by means of specially prepared blanks for the purpose. The operations of the Exchange in gathering news extend also to market quotations, stock reports, condition of finances, failures, dividends and general mercantile information from the business centers of this and other countries. The tone, prices and other features of the markets for corn, provisions, breadstuffs, cotton, petroleum, sugar and other specialties are reported, not only from fields of production, at the West and South, but also from the points of speculation and consumption in both America and Europe. In the collection of this vast amount of useful material, great care is observed in procuring the latest news up to the current hour and always in advance of publication. Its success in this particular is attested by the fact that the leading newspapers subscribe for these reports, which in the main are fresh for publication many hours after their receipt by the Exchange. In placing the news and reports at the disposal of members, bulletins and record books are brought into use. These show at a glance the information obtained upon each subject and in a systematic order. To underwriters and other special subscribers certain parts are manifolded and hastened by messengers at short intervals. These special "routes" frequently reach forty-five per day, nearly all of which represent a cap page of closely written matter. As each member naturally seeks only that information which particularly interests him, and without wishing to note subjects of equal importance to others, there are very few who make themselves familiar with the extent and variety of the daily collection of news and reports.

Among the business facilities provided for the free use of members, the reading room and works of reference form important features. In the reading room may ever be found the latest newspapers and periodicals in large numbers, and not confined to those of the United States, but embrace such as, to meet every requirement, have come from every part of the civilized world. The works

of reference include directories of the principal maritime cities, text-books on commerce and navigation, foreign and domestic dictionaries, gazetteers, tariffs, manuals, government publications, statutes, official and legislative proceedings, maps, charts, atlases, coast pilots, port charges, Lloyd's lists and descriptions of vessels under the American and foreign flags, statistical information, census reports, etc. There may also be found here copies of bills introduced into Congress and the State Legislature which in any degree affect maritime, commercial or local interests. Price currents and special marine reports from all foreign and domestic markets are considered a prominent feature of the Maritime Exchange.

As the use of the telegraph so largely enters into modern business methods it is readily appreciated that the telegraph service is a highly important adjunct to this class of Exchanges. Business with many principal ports requires special wires along the coast. Direct communication is established with many foreign ports and with Government lines upon which are transmitted weather reports and maritime news. Messengers are held in waiting for the accommodation of members, and telephone wires connect the Exchange with hundreds of commercial institutions and members' private offices.

The membership of Maritime Exchanges in this country is composed largely of merchants engaged in the importation of goods from foreign markets. Owing to this fact, these commercial bodies have manifested a special interest in the subject of importing and exporting, so far as it relates to commodities bought and sold through any of the exchanges. Some general information relating to the importation of goods and the workings of the custom-house seems to be called for in this connection.*

An importation, it may be said, is considered complete on the voluntary arrival of the importing vessel at the port of destination, with intention to discharge her cargo thereat.

The time allowed in which to discharge the cargo of a vessel is based upon the tonnage, and is as follows: Vessels of less than 300 tons, eight days; vessels of 300 tons and less than 800, twelve days; vessels of 800 tons and upwards, fifteen days. This limitation does not apply to vessels laden with salt or coal, requiring a longer time to discharge. In such cases an extension of time may be granted.

The working days of a vessel are to be computed by excluding the days of arrival and entry, Sundays and legal holidays, and rainy days when the cargo is not discharged.

Steam vessels are allowed to discharge immediately upon entry; and all goods not "permitted" are treated as unclaimed, and sent to "General Order" Store, and subjected to storage charges.

* For the concise form of the information, acknowledgment is due the Annual Report of the Boston Board of Trade and Merchants' Exchange.

Goods not "permitted" upon the written request of the importer, and at his sole risk, may remain on the dock for the period of forty-eight hours after the discharge of the cargo, when, if not "permitted," they will be treated as unclaimed.

Entry must be made by the importer, owner, or consignee, who should be furnished with bill of lading and consular invoice. In case of the absence or sickness of the owner or consignee, entry may be made by an agent or attorney, and must give bond to produce his principal's oath.

In cases where the invoice or bill of lading is made to the order of a banker through whose credit the merchandise may have been procured, the party presenting the bill of lading and taking the oath of the owner where goods have been actually ordered or purchased for him abroad, will be regarded as the owner of the merchandise, and as such permitted to make entry in his own name.

A sub-purchaser, on or after arrival, cannot make entry, not being regarded as an importer.

As a rule, no importation exceeding \$100 in dutiable value can be admitted to entry without the production of a duly certified invoice. When no invoice has been received, entry may be allowed by *pro forma* invoice or statement, and bond taken to produce certified invoice within six months.

Goods under \$100 in value may be entered on appraisement.

Duties must in all cases be paid on entry for consumption. These duties are estimated according to the invoice or entered value; but liquidation is made upon the basis of the return of the appraiser, weigher, gauger, etc.

The importer has one year from the date of importation, within which to make entry of his goods, upon payment of duties and storage charges. If not entered within one year they are sold by the Government as "unclaimed." Upon proof of ownership the importer is entitled, however, to the proceeds from such sale.

Merchandise entered in bond may be withdrawn for consumption at any time within one year from the date of importation, on payment of the duties and charges to which it may be subject, by law, at the time of such withdrawal; and after the expiration of one year, and until the expiration of three years from such date, on payment of the duties assessed on the original entry and charges, and an additional duty of ten per centum of the amount of such duties and charges.

Bonded goods remaining in warehouse, without payment of duties, for the space of three years from the date of original importation, must be sold at public auction.

Where the duties have been paid and the merchandise remains in

the custody of customs officers, shall, if exported directly to a foreign country, be entitled to return duties less one per centum.

An undervaluation of ten per centum or more imposes an additional duty of twenty per centum or more on the appraised value. If the undervaluation is over twenty per centum, the goods are liable to forfeiture.

SELDEN R. HOPKINS.

LIABILITY OF BANK DIRECTORS.

CIRCUIT COURT, N. D. NEW YORK.

Movius, Receiver, v. Lee.

NATIONAL BANK—RECEIVERS—SUIT AGAINST DIRECTORS.—A receiver of an insolvent National bank, in his own name or in the name of the bank, may enforce against the directors, for the benefit of the stockholders, depositors, and other creditors of the bank, any right or claim resting upon the non-performance or negligent performance of their duties that the bank itself could have enforced.

RESIGNATION OF DIRECTOR—LIABILITY FOR SUBSEQUENT LOSSES.—A director of a National bank who, before the expiration of his term, sells his stock, and orally resigns his office to the president, in his place of president at the bank, and afterwards receives the money for his stock, prior to the sustaining of losses by the bank, ceases to be a director, and cannot be held liable for subsequent losses caused by the negligence of the directors.

PRESIDENT ABSENT ON SICK-LEAVE.—The president of a National bank, being in failing health, was anxious to resign his position, but, at the suggestion of a majority of the directors, consented to take a year's leave of absence, and during such absence, and, without any fault on his own part, losses were sustained by the bank, and it became insolvent. *Held*, in a suit by the receiver to charge the directors with such losses, that he was not liable.

LOSS CAUSED BY ACT OF ONE DIRECTOR—NEGLIGENCE OF OTHERS.—The directors of a National bank which has become insolvent by reason of losses caused by the discount, from time to time, of paper not properly secured, indorsed by a director who is a man of wealth, and the largest stockholder in the bank, and in whom the other directors have reason to place confidence, cannot be held liable for the mere failure to discover the illegal transactions, and to prevent such director from continuing therein.

WHEELER, J.—The First National Bank of Buffalo was organized December 7, 1863, under the provisions of the National Bank Act of February 25, 1863, for which the National Bank Act of June 3, 1864, was substituted (13 St. at Large, 100) with a capital stock of \$100,000, divided into 1,000 shares of \$100 each. At the annual meeting of its shareholders, holden January 11, 1881, Charles T. Coit, R. Porter Lee, Thomas W. Cushing, John H. Vought, and George Coit were elected directors. They took the oath of office required by law, and chose Charles T. Coit, president, and R. Porter Lee, cashier. George Coit died, and May 20, 1881, the rest of the directors filled the vacancy caused by his death by electing Francis E. Coit a director in his place, who took the required oath of office. Mr. Cushing sold his stock, by bargain made at the bank, to Charles T. Coit, the president, September 24, 1881, at the price of \$125 per share, to be paid and transfer to be made afterwards. In consequence of this trade, he then and there, so far as he could by words, resigned his office of director to the president, and never afterwards assumed to be or to act as a director. The health of the president became poor; and at a meeting of the four directors, including himself, remaining after the withdrawal of Cushing, he stated that fact, and that he desired to be relieved somewhat of his official

duties, whereupon they voted that he be given leave of absence for such intervals and at such times as he might see proper, for one year from that date, which was October 3, 1881. They then chose the cashier, R. Porter Lee, vice-president, and Theodore W. McKnight, assistant cashier. The bank then had an apparent surplus of \$50,000, and undivided profits to the amount of \$24,277.03, and it is not claimed in this suit but that these items were real. Mr. Charles T. Coit paid Cushing for his stock at the price agreed upon October 7, 1881, and took a transfer of the certificates signed in blank, which was entered on the books of the bank in November, as made September 24, 1881. Charles T. Coit sold most of his stock, 510 shares, to Lee, who was absent from the bank on account of his health, and took no part in its management afterwards. He died December 11, 1881. The control and management of the bank was left to Lee, who used its funds in the form of discounts to his associates in business and speculations until great losses were incurred. Prior to the annual election in 1882, he spoke of the vacancies in the board of directors to the defendant Spaulding, and also to the defendant Johnson, and proposed to transfer stock to them, and that each should become a director. Spaulding was president of another National bank, and connected with other corporations, and did not wish to assume new responsibilities, and so told Lee, but consented to the arrangement, and Johnson did likewise. At the meeting January 10, 1882, Spaulding, Johnson, Francis E. Coit, Vought, and Lee were elected directors, who took the oath of office required by law. Lee was chosen president, and McKnight was elected cashier. The control and management of the bank were left to Lee as before. Vought sold his stock to Lee, January 19, 1882, and did not act as director afterwards. Spaulding was engaged with his other business, the family of Johnson was sick, and his son died, and neither of them did anything about the management of the bank. Coit went once and looked over the loans and discounts. Lee stood well in the community as a man of honor and integrity, as financier and bank manager, and neither of them had any suspicion that the affairs of the bank were not being well and faithfully attended to by him. Lee sent a request to Spaulding, April 11, 1882, for the return of the stock transferred to him, and Spaulding signed a transfer upon the back of the certificate and returned it, in pursuance of an understanding between them that he would return it on request, and, as he supposed, ended his connection with the bank. The bank had become helplessly insolvent and stopped business April 13, 1882, and was soon afterwards placed in the hands of a receiver. The whole capital surplus, undivided profits, and reserves were gone, and the individual liability of the directors would not pay the depositors. The losses incurred amount in all to more than \$600,000. This bill is brought to charge the directors who are living, and the estates of those who are dead, with the amount of these losses.

Some question has been made, and discussion had, with reference to the right of the plaintiff to enforce the liability of the defendants, if any exists, for the benefit of stockholders, creditors, or depositors, as the results might, if realized, eventually inure to them, respectively. It seems, however, that the receiver, as the name implies, has in his hands the rights of the bank itself against all and any persons, however the rights may have arisen, to enforce for the benefit of whoever may be entitled to the avails of them; and these rights may be enforced by him in his own name, or in the name of the bank whose corporate existence is continued for that purpose. *Kennedy v. Gibson*, 8 Wall., 498; *National Bank of the Metropolis v. Kennedy*, 17 Wall., 19; *Case v. Terrell*, 11 Wall., 199. If the bank had a right or claim in this respect which it could

enforce against the defendants, or any of them, the plaintiff has the same now, which he is entitled to enforce to the same extent; and none appears to have accrued to him which the bank in its own right did not have. The right rests entirely upon the alleged non-performance or negligent performance of duties as director of the bank. The defendants stand upon different grounds, in some respects, in their defenses to this claim to charge them.

The defendant Cushing sets up in defense, among other things, that he was not a director at all, and therefore owed no duty in that behalf, at the time when the alleged losses took place. Whether he was or not depends upon the effect of what occurred about the sale of his stock and resignation. He bargained for its sale on the twenty-fourth of September, 1881, and orally resigned his office of director, so far as he could, to the president of the bank, in his place of president at the bank. This was prior to the time of any of the losses as alleged. He delivered the stock certificate, with authority to transfer, on the seventh of October following, and received his pay for it. This may be after some of the losses occurred. The transaction of September 24th may therefore be of importance. The statutes provide that every director must own in his own right at least 10 shares of the capital stock of the association of which he is a director; and that any director who ceases to be the owner of 10 shares of the stock shall thereby vacate his place. Rev. St. U. S. § 5,146. The purpose of this statute obviously is to require the office of director to be kept in the hands of those who are personally and pecuniarily interested in the affairs of the bank. When Cushing bargained his stock, he ceased to be so interested. Good faith to the other shareholders, as their interests were guarded by these provisions of the law, would seem to require that he should then cease to be a director. He appears to have taken this view, and to have done what he could to carry it out. There was no calamity impending or contemplated by him to be avoided by vacating his office, or which he could prevent by retaining it. There was no reason why he should not resign if he could. He was an officer elected to his place; it was an office that he was not obliged to accept, and would seem to be one that he was not obliged to hold. *U. S. v. Wright*, 1 McLean, 509; *People v. Porter*, 6 Cal., 26; *Olmsted v. Dennis*, 77 N. Y., 378. No mode of resignation was provided by law, and an oral one would be as good as any. *Rex v. Mayor of Rippon*, 1 Ld. Raym., 563. The president was the head of the board of directors, who alone could fill the vacancy, and a resignation to him would be a resignation to the board. *Port Jervis v. First Nat. Bank*, 96 N. Y., 550. The statute provides that the directors shall be elected at meetings to be held on such day in January of each year as shall be specified in the articles of association, and that they shall hold office for one year, and until their successors are elected and have qualified. Section 5,145. It is urged that this section prohibits resignation during the year. This is not, however, understood to be its effect. The apparent purpose of the provision in regard to the term of office is to make it conform to the time of the new election, and not to absolutely require every director to serve the full term. Such provisions as to terms of office are common for this purpose. It is said in argument that, if he might resign, he would not be relieved from duty until his place should be filled by the remainder of the board; and that, if they would not fill it without, it would be incumbent on him to compel them by *mandamus* or other appropriate proceeding to fill it. But until he had vacated the place there would be no vacancy which they could fill; and when he had sold his stock he would be out of the corporation, and would have no interest or standing upon which to institute any proceedings what-

ever to affect the conduct of its affairs. The interests of the corporation would be left with the other directors elected by the stockholders, whose duty it would be, and on whom the stockholders had relied, to fill the vacancy, or act upon it as they should be advised. Upon these considerations it appears that the defendant Cushing was not a director at the time of the alleged losses, and cannot be held for any duty as such at that time.

The liability of Charles T. Coit also stands upon different footing from that of any of the others. His health had failed, and was failing him, so that he was disabled for the performance of the duties of his office. He had owned more than half of the stock up to near that time, and, so far as appears, had been diligent and faithful in the performance of all his duties. Of his associates in the board, Vought had been director since 1875, Lee since 1877, and Francis E. Coit then since the May previous, and for several years at a time previous, and all were in good repute. He could resign, or accept their leave of absence, which was tantamount to an undertaking and assurance on their part that they would perform the duties which might otherwise devolve upon him. They were a majority of the board, and, if they would, could control, whether he was present or absent. The oath of office required by law bound him, so far as the duty devolved on him, diligently and honestly to administer the affairs of the bank. Section 5,147. The duties which they could perform, and assumed to and did perform, would not appear to have devolved on him so as to make him chargeable in any degree for the manner of their performance. He did nothing himself for which it is claimed that he became in any manner chargeable; and it does not appear that he was so responsible for what the others did that their misdoings could make him chargeable.

Neither Lee, nor the executrix of Vought, make any defense to this suit, and the bill has been taken for confessed against them.

The positions of Francis E. Coit, Spaulding, and Johnson, with reference to the bank, were so similar in most respects that the questions as to the liability of each of them may be examined somewhat together. It is necessary for this purpose to look into the manner of the losses more closely.

The losses appear to have begun by the discount of the paper of persons engaged with Lee in business and speculations not adequately responsible for the amount of the discounts. The paper was usually indorsed by him, and sometimes secured, to some extent, by collaterals resulting from the avails of the discounts. Great losses from the transactions in which he was engaged fell upon him, and, through him, upon the bank. As the paper fell due, it was renewed or replaced by other paper of like character, until a large part of the loans and discounts of the bank consisted in these notes of irresponsible persons indorsed by him. All these discounts, renewals, and substitutions were correctly entered, as in the usual course of business, upon the books of the bank, and appeared there fully with the entries of its other current business. These discounts were in violation of the prohibition in the banking law of an excess of one-tenth the amount of capital paid in, of any person, company, or firm for money borrowed. Section 5,200. They did not, however, appear to be so always or generally, for they might be, so far as they showed, commercial or business paper actually owned by the person negotiating them, within the provisions of the same law allowed to be discounted. On January 18, 1882, he took from the cash of the bank \$23,680, and put a slip of paper with his name and the amount upon it, in place of the money in the cash drawer, and on February 15, \$16,737.50 in like manner, without giving any other evidence of his indebtedness

for these amounts. The former amount was reduced, by replacements of cash, to \$12,405, and the latter to \$11,435. These transactions were not concealed from the cashier or employes in financial matters of the bank, but did not appear on the books of the bank, except that they were shown on the cash blotter of the teller. These were clear violations of the provisions of the banking law mentioned. As Lee was the president and at the head of the bank, and was supposed by the cashier and subordinates to be a man of integrity and wealth, and these things were done by him and by his direction, they excited no suspicion among these persons that loss to the bank would be occasioned thereby until the very last days of the business of the bank, after all these losses had been incurred. As the suspicions of these persons were not aroused, they said nothing to any of the directors about what was going on, and they had no knowledge, supposition, or suspicion but that the business of the bank was proceeding lawfully, regularly and prosperously. In the banking law it is further provided that if the directors of any bank shall knowingly violate, or knowingly permit any of the officers, agents, or servants of it to violate, any of the provisions of that law, every director who participated in or assented to such violation shall be liable for all damages sustained in consequence of such violation. Section 5,239. It is not claimed that any of these three directors so knowingly permitted or assented to any of these violations of this law as to become liable at all under this provision.

As there was no misconduct, default, or irregularity on the part of the cashier, or of the clerks or agents of the bank in any respect that occasioned these losses, and what was done that did occasion them was done by Lee, and by his express direction, the question is whether these directors by their conduct became liable to the bank for what their associate director Lee did. By the bank act of 1864 it was enacted that these associations should be bodies corporate, and, by the names designated in their organization certificates, should have succession for 20 years unless sooner dissolved; that by such names they might make contracts, sue and be sued, and elect or appoint directors, and by their boards of directors appoint officers, and exercise under that act all such incidental powers as should be necessary to carry on the business of banking, by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt, by receiving deposits, by buying and selling exchange, coin, and bullion; by loaning money on personal security, and by obtaining, issuing, and circulating notes according to the provisions of that act. 13 St. at Large, 100, § 8. Some courts were of the opinion that this specification of the means by which the powers granted might be exercised was a limitation of the general expression preceding it. *Wiley v. First Nat. Bank*, 47 Vt., 546; *First Nat. Bank v. Ocean Nat. Bank*, 60 N. Y., 278; *Weckler v. First Nat. Bank*, 42 Md., 581; *Whitney v. First Nat. Bank*, 50 Vt., 388. Others construed this part of this section as if it had stopped with the general words. *National Bank v. Graham*, 79 Pa. St. 106; *Pattison v. Syracuse Nat. Bank*, 80 N. Y., 82. The business of banking, in either view, was, as that section then stood, to be carried on by the board of directors. In the Revised Statutes as enacted in 1874, this part of that section was brought into the seventh subdivision of section 5,136, and so added to as to authorize a National bank to exercise, by its board of directors or duly authorized officers or agents, subject to law, the powers mentioned. After this alteration in the law the business of the banks could be lawfully done by the president, cashier, or other officer, as well as by the directors themselves. It was not necessary that the directors, or a majority of them, or any of them, should take part in individual transactions in the authorized business. It is

said, in some books and in argument, that the directors are trustees of the funds and property of the bank. This may be true in some sense and under some circumstances; but the relations of the directors to and their duties towards the assets of the bank cannot be determined properly upon names merely. The bank, being a body corporate under the law, is a person, although artificial, with legal identity, and capable of owning and holding its own property; and its property, in the hands of those by whom it acts, is held by itself, for itself, and not by any other person for it. Therefore the directors are not, and from the nature of things cannot be, chargeable for the assets of the bank as for property to which they have taken title or possession for some use or purpose, for the carrying out of which they may be charged and held. They have no ownership in or title to the assets, and cannot act otherwise than as the officers and agents of the bank about them, unless they actually misappropriate them, and thereby become wrong-doers about the assets themselves. They cannot be held to account for any assets they have not themselves had. These directors are not, and are not claimed to be, chargeable in this view. As the statute provides what directors shall be liable, and how, for violations of the statutes, other directors cannot be made liable for those things without, in effect, adding to the statute.

Directors may doubtless be liable for many things which are not express violations of the statute. *Brinckerhoff v. Bostwick*, 88 N. Y., 52, and 99 N. Y. 185, 1 N. E. Rep., 663. This would probably be the case with respect to any gross mismanagement in the actual transaction of the bank's business, or the handling of its property. These directors are not sought to be charged in this view. The complaint against them is not that they acted negligently or carelessly in actually doing anything, but that they neglected to do anything. What they did not do, the omission to do which caused damage, was the restraint of Lee in what he did. So the real question is whether they are chargeable for the consequences of what he did, because they did not prevent it. He was a director elected by the stockholders, and of equal rank and authority with them. He derived his authority from the stockholders, and not from them, and acted under that authority. The president has no greater authority, as such, about the matters complained of, than any other director. They had no reason to suppose that he would not act honestly and fairly within the law, any more than the stockholders had, who had repeatedly elected him to the office of director; or than the depositors had, who trusted the bank while visibly under his management. He was apparently more interested in the success of the bank, during the time of these losses, than any one else, for he held more than a majority of all the stock. The question is not as to the liability of the bank for the negligence of its agents, but is as to the liability to the bank of some agents for not controlling others. The bank itself would not be liable to others for the frauds or thefts of its cashier or other officers unless his untrustworthiness was known, and his employment continued notwithstanding notice of that fact. *Foster v. Essex Bank*, 17 Mass., 479; *Prather v. Kean*, 29 Fed. Rep., 498. The obligation of the corporation would be measured by the duty of its officers, and the liability of one officer for the misdoing of another would not appear to be any greater than that of the corporation for acts of the same nature. Generally, one officer is not liable for the misconduct of another not appointed by him. *Whitfield v. Le Despencer*, Cowp., 754; *Nicholson v. Mounsey*, 15 East, 384; *Dunlop v. Munroe*, 7 Cranch, 242. Directors of banks and other corporations appear to stand on the same footing as other officers in this respect. The body of directors of a National bank is charged with the supervision and management of its officers, and is

bound to use as much diligence and care as the proper performance of these duties requires. *Mor. Corp.*, § 571; *Thomp. Liab. Off.*, 356. But this obligation does not appear to require every director to attend himself to every part of the corporate business, nor make each liable for every act done by any of them. They do not undertake each for the others.

In *Cargill v. Bower*, 10 Ch. Div., 502, it was held that directors were not liable for the frauds of their co-directors unless they participated in the frauds, or wholly abstained from inquiry in order that they might be committed. Fry, J., said: "I think that there was great negligence, but that it was merely negligence, and undue trust in Feigan, and that there was not any intention to allow him to commit fraud, and therefore I cannot hold them responsible for his acts." Feigan was a director.

In *Perry's Case*, 34 Law T. (N. S.), 716, Perry had consented to be a director at the request of Duncan, on the understanding that his qualification in paid-up shares would be found for him, and was appointed August 5, 1871, attended a meeting January 25, 1872, and resigned in May, 1872. Duncan misapplied funds in February, 1872, for which Perry, with others, was sought to be charged. As to this Bacon, V. C., said:

"I think that no case is made against Mr. Perry. Mr. Bradford's argument is that, inasmuch as he accepted paid-up shares in order to qualify him as director, he is to be treated as the paid agent of Mr. Duncan to do whatever Mr. Duncan desired him to do. It is very easy to say that, but I see no kind of foundation for it. It is said that Mr. Duncan misconducted himself in various ways, and that Mr. Perry is liable for all the consequences of that, because he was Duncan's paid agent. It would be monstrous to entertain any such a proposition. He became director, and is liable for all that he did as director, but he was not bound to attend every meeting of the directors. It is not part of the duty of a director to take part in every transaction which is conducted at a board meeting. His business or his pleasure may call him elsewhere, and it would be a most unheard-of thing to say that if anything wrong was done at a board meeting, he being named among the directors, but not present, he is liable for what is done in his absence."

In *Joint-stock Discount Co. v. Brown*, L. R. 8 Eq., 376, in speaking of the liability of directors for acts of others in which they took no part, or measures to prevent, James, V. C., said:

"Now, with regard to Mr. Gillespie, I have held that there is no sufficient evidence of his concurrence or connivance to make him responsible. I have, however, thought it not right to give him his costs, although I dismiss him from the suit, because I think a man who is director, and goes on as director for months when a transaction of this kind is going on, is not justified in saying: 'I really did not pay the slightest attention to it. I had a sort of vague notion of what was going on. I was a paid director, but I left it to the other directors to attend to. I did nothing. I took for granted it was all right.' I think he is entitled to go; that I cannot fix him with liability; but I think it is not too much of a penalty for him to pay for his negligence that he shall not have any costs of the proceedings which have been rendered necessary in this court by proceedings of his co-directors which he took no pains to inquire into or interfere with."

In *Weir v. Bell*, 3 Exch. Div., 238, in speaking of the liability of Bell as a director, Lord Chief Justice Cockburn said:

"In the result Bell has been guilty of no fraud. He is not a principal deriving a benefit from a fraud committed by his agent in pro-

curing that benefit; nor, indeed, has he derived any benefit from the fraud committed by the sub-agents whom he was authorized to employ on behalf of the company. Upon this state of facts I think the plaintiff fails to establish the liability of the defendant Bell."

The same views pervade other English cases. *Turquand v. Marshall*, L. R. 4 Ch., 386; *Land Credit Co. v. Lord Fermoy*, L. R. 8 Eq., 7. In *Charitable Corporation v. Sutton*, 2 Atk., 400, much relied on for the plaintiff in this case, only the committeemen, who formed what was called a confederacy or conspiracy, were held chargeable.

That a director is not liable for the faults or frauds of a co-director appears to be well recognized in New York. *Wakeman v. Dalley*, 51 N. Y., 27. *Arthur v. Griswold*, 55 N. Y., 400. In *Hun v. Cary*, 82 N. Y., 65, where the trustees of a savings bank who participated in a misappropriation of the funds resulting in loss were held liable for the loss, Smith, a trustee, who took no part in the transactions, does not appear to have been held. And in *Hand v. Burrows*, 23 Hun, 330, Supreme Court, First Department, June, 1881, it was held (Barrett, J.) that the directors of a National bank who knowingly participate in retaining an untrustworthy cashier were liable for his subsequent defalcations, and that one who did not know of the untrustworthiness was not liable; which case does not appear to have gone any further. There is no case which has been cited or observed in which it has been decided that a director of a corporation was liable to make good a loss occasioned by the fraud or misconduct of a co-director, in which he had no part, and which was perpetrated without his connivance or knowledge. *Robinson v. Smith*, 3 Paige, 222; *Brinckerhoff v. Bostwick*, 88 N. Y., 52, and 99 N. Y., 185, 1 N. E. Rep., 663; *Ackerman v. Halsey*, 37 N. J. Eq., 356 and 38 N. J. Eq., 501; *Hodges v. New England Screw Co.*, 1 R. I., 312, and 3 R. I., 9.

The measure of the duty of directors is frequently and emphatically laid down, and is clear and plain; but it is nowhere adjudged that all must always act, or that they must not trust one another to act, or that any are liable for the mere omission to watch and restrain the others, without wrong intention on their own part, or actual knowledge of the wrong on the part of the others. Neither are there cases where persons standing in similar relations to the property of others have been held liable for the acts of others standing in the same relation, without some fraud or connivance on their own part. The general rule as to trustees is that they are responsible only for their own acts, and not for the acts of each other, unless by express agreement, "or they have by their own voluntary co-operation or connivance enabled the other to accomplish some known object in violation of the trust." Story, Eq. § 1,280. In Perry on Trusts the law is stated to the same effect. Section 417. The law is the same as to executors and administrators. Bac. Abr. "Executors," D; *Brazer v. Clark*, 5 Pick., 96; *Peter v. Beverly*, 10 Pet., 532. In the latter case, Mr. Justice Thompson said: "For it is a well-settled rule that one executor is not responsible for the *devastavit* of his co-executor any further than he is shown to have been knowing and assenting at the time to such *devastavit* or misapplication of the assets; and merely permitting his co-executor to possess the assets, without going further and concurring in the application of them, does not render him answerable for the receipts of his co-executor. Each executor is liable only for his own acts, and what he receives and applies, unless he joins in the direction and misapplication of the assets. *Hargthrope v. Milforth*, Cro. Eliz., 318; *Hovey v. Blakeman*, 4 Ves., 596; *Briggs v. Law*, 4 Johns. Ch., 23; *Manahan v. Gibbons*, 19 Johns., 427." And a bailee of goods without reward is only liable because they actually come to his hands, and he is guilty of some wrong in respect to them while there. *Coggs v. Bernard*, 2 Ld. Raym., 909.

After the careful and thorough presentation of this case in all its aspects by counsel on all hands, and much and repeated consideration of the facts and principles involved, no just ground of liability on the part of these directors is perceived—not on the express provisions of the statute on the subject, for they do not, and are not claimed to, come within that; not by the common law, for by that each is liable only for his own miscarriages, and none are shown.

These conclusions make it unnecessary to consider whether this cause of action, if made out, would survive against the personal representatives of Francis E. Coit, or those of Charles T. Coit. The bill must, upon the conclusions reached, be dismissed as to them, and as to the defendants Cushing, Spaulding and Johnson. The expressions of Vice-Chancellor James, as to costs, in *Joint-stock Discount Co. v. Brown*, *supra*, seem reasonable, and applicable to the directors Francis E. Coit, Johnson and Spaulding; and no costs were allowed in *Hand v. Burrows*, *supra*, to the director not held to be liable. Those cases are followed, and no costs are allowed to the defendants Johnson and Spaulding and the representative of Francis E. Coit. There is nothing sufficient to take the cases of Cushing and Charles T. Coit out of the usual rule as to costs. No question has been made as to completion of the decrees already entered against Lee and the executors of Vought.

Let a decree be entered dismissing the bill of complaint as to the defendants Spaulding, Johnson and Caroline E. Coit, executrix, without costs; and as to the defendant Cushing and the defendants Frank S. Coit and Joseph C. Barnes, administrators, with costs.

NEGOTIABILITY OF STOLEN INSTRUMENTS.

IN THE COURT OF APPEAL.

Picker v. the London and County Banking Company, Limited.

An instrument that is negotiable by the laws of a foreign country is not a negotiable instrument by the law of England, so as to give a *bona-fide* holder for value a good title against an owner of the instrument, from whom it has been stolen, in the absence of any evidence of a custom of merchants in this country to treat it as negotiable.

Appeal from the judgment of A. L. Smith, J.

The action was brought by the plaintiff to recover possession from the defendants of certain Prussian Consolidated $4\frac{1}{2}$ per cent. bonds which the plaintiff alleged to belong to him. The defendants set up by their defense that these bonds were negotiable instruments of which they were *bona-fide* holders for value.

The facts at the trial before the learned judge without a jury were as follows:

It appeared that the bonds, in respect of which the action was brought, were bonds issued by the Prussian Government. The coupons for the interest upon such bonds were not attached to the bond, but were contained in a separate document. The bonds in question were stolen from the plaintiff while traveling, the coupon sheets which belonged to them remaining in his possession. The bonds having come into the possession of a customer of the defendants, by what means did not appear, were deposited by him with the defendants to secure an overdraft, the defendants not being aware of anything wrong in relation to them.

The evidence of Prussian lawyers taken on commission was adduced on the part of the defendants to show that by the law of Prussia these bonds without the coupon sheets were payable to bearer and transferable by delivery, and that a *bona-fide* holder for value of such bonds, without notice of any theft or fraud in relation thereto, would be entitled to payment of them.*

Evidence of Prussian mercantile men was adduced for the plaintiff to show that by the general custom of trade on the Berlin Stock Exchange, and amongst Prussian bankers and merchants, bonds of the kind in question were not negotiable without the coupons belonging thereto. The plaintiff also called an English stockbroker and a money broker, who gave evidence to the effect that in the English markets these bonds were not negotiable without the coupon sheets. The learned judge was of opinion that, there being no evidence of any custom of merchants making these bonds negotiable without the coupon sheet in this country, the defendants failed to show that they were negotiable instruments for the purpose of giving a *bona-fide* holder for value without notice of the theft a good title to them as against the true owner. He therefore gave judgment for the plaintiff.

Lord Esher, M. R. In this case the plaintiff brings his action of detinue to recover from the defendants certain Prussian bonds of which the defendants have possession. His case is that the bonds were stolen from him, that no title to the bonds passed to the thief, and that the defendants cannot therefore make a title to them. The defendants in answer say that, although the thief had no property in the bonds, yet the delivery of them to the defendants, who took them *bona-fide* and for valuable consideration, passed the property in them to the defendants, on the ground that they were what are known in English law and trade as negotiable instruments. This contention raises the question whether these bonds without the coupons were for this purpose negotiable instruments according to the law of England. Evidence was given by Prussian experts, that, according to the law of Prussia, the property in these bonds without the coupons passes by delivery. I will assume for the purpose of this case that it was proved that the bonds without the coupons were negotiable instruments in Prussia in the fullest sense of the term. I doubt very much whether there was sufficient proof that they were. The experts on whose evidence the defendants relied were Prussian lawyers. If the question of the negotiability of these instruments depended on a Prussian enactment, or the construction of the terms of the instrument, then such evidence might be the proper evidence on the subject; but, so far as it might depend on a question of trade custom in Prussia, I doubt whether the evidence of lawyers would be the proper evidence. I rather think that the evidence of the Prussian witnesses, whose business would make it likely that they should know the custom of trade in Prussia, tended to show that these bonds without the coupons were not negotiable instruments by the custom of trade there. But I will assume that they were negotiable instruments in Prussia in the fullest sense of the term. The question is, what under those circumstances is the English law with respect to them? The common law of England does not allow a party to a contract to transfer his right under the contract to another person except in certain cases. Such a transfer of a chose in action could, of course, be made under the provisions of a statute; and in the case of instruments which, by the

* The exact nature of the bond as a legal instrument, according to Prussian law, and the effect of the expert evidence were the subject of much discussion during the argument, but it will be seen from the judgment that it is unnecessary to give further details as to the terms of the bond and the evidence, as the judgment proceeded on the assumption that by Prussian law these were negotiable instruments.

custom of merchants recognized by the law of England, had become negotiable instruments. But it appears to me that in order to establish such an exception to the common law rule, some custom of merchants obtaining in this country must be proved, or some English statute must be relied on. If all that can be proved is that, by the law or custom in Prussia, the instrument is negotiable, then, as it seems to me, the answer is that an English Court and English merchants are not bound by a law or custom of trade in Prussia. To prove that an instrument is negotiable in the sense required, there must be something to make it so by English law. There is no question here of any statute; nor is it shown that there is any custom of merchants in this country to treat these bonds without the coupons as negotiable. It is not necessary, I think, to decide in this case what would be *prima facie* evidence of such a custom. It was not disputed that the evidence in this case justified the learned judge in the Court below in saying that there was nothing to show that by the custom of trade in England these bonds were negotiable, so as to be negotiable instruments in the full sense of the term. On the contrary, the evidence was that they were not, for I understand the effect of the evidence of the plaintiff's witnesses not to be confined merely to the practice of the London Stock Exchange, but as referring to the practice among merchants and business men in general. If it were necessary to say what would be *prima facie* evidence of the negotiability of an instrument in this or in a foreign country, I should be disposed to say that evidence that an instrument is by the custom of trade negotiable here would be strong evidence that it is negotiable in the country of its issue, but that evidence that it is negotiable by the custom of trade in the country of issue would not be evidence that it is negotiable here. It seems to me that these considerations are sufficient to decide the case. None of the cases cited, such as *Goodwin v. Roberts*, *Lang v. Smyth*, and *Wookey v. Pole*, seem to contravene the view I have expressed, viz., that to render a foreign instrument negotiable here in the full sense of the term, it is not sufficient to show that by the foreign law or custom it is treated as negotiable. On the contrary, they all seem to me to support it. For these reasons, I think this appeal must be dismissed.

Bowen, L. J. I am of the same opinion. These bonds having been the property of the plaintiff before they were stolen from him, the question is whether the defendants have nevertheless a good title to them, having taken them *bona-fide* and for valuable consideration. The broad principle of law is, that except in the case of a sale in market overt no person can acquire a title to a personal chattel from a person who is not the owner. There is an exception to this principle in respect of certain instruments of contract well known to the law merchant, in the case of which, by the recognized custom of merchants, the property in the instrument and all rights upon it pass by the delivery of the instrument. A further exception to the rule would be where an instrument, though not possessing the quality of negotiability at common law or by any custom of merchants, has that quality attached to it by some statute of the realm. Among the rights which are ordinarily created by such instruments is the right of suing upon the contract therein contained. At common law in general a chose in action is not transferable. Therefore the right of action can only pass by delivery of the instrument where the instrument is negotiable or clothed by statute with the attributes of a negotiable instrument. It may be said that in the case of these bonds there is not, strictly speaking, a chose in action, because the bonds only import a promise by a foreign Government which could not be sued on; but it is sufficient for the present purpose to say that, in my opinion,

the case for the defendants cannot be put higher than if the promise which the bond imports were one on which there was a right of action. The question then would be whether this right could be passed at law so far as English law is concerned, otherwise than by virtue of some statute or some custom of merchants prevailing in this country. I do not see in this case any evidence that these bonds are negotiable by any custom of merchants in this country; there is no evidence whatever of any mercantile custom whereby such instruments as these bonds without the coupons are treated as part of the mercantile currency recognized in the kingdom, unless the evidence with regard to their negotiability in Prussia could be treated as amounting to such evidence. But at the utmost that would only amount, as it seems to me, to evidence that such instruments form part of the mercantile currency in Prussia. I do not say that the evidence does amount even to that, but I will assume for a moment that it does. Then is evidence that an instrument or piece of money forms part of the mercantile currency of another country any evidence that it forms part of the mercantile currency in this country? Such a proposition is obviously absurd, for, if it were true, there could be no such thing as a national currency. For the same reason, as it appears to me, that a German dollar is not the same thing as its equivalent in English money for this purpose, and that the barbarous tokens of some savage tribe, such as cowries, are not part of the English currency, evidence that the instrument would pass in Prussia as a negotiable instrument does not show that it is a negotiable instrument here. For these reasons it appears to me that the defense fails.

Fry, L. J. I am of the same opinion. The question is whether these bonds are negotiable instruments according to the law of England. Without attempting to give an affirmative definition of a "negotiable instrument," it is sufficient to say that it is clear that no instrument can be negotiable in the sense required unless either by statute or custom it is so transferable as to give the transferee all the rights of the transferor in this country. It seems obvious that the question whether an instrument is negotiable in this sense must be determined with reference to the law and custom in this country, for if it were otherwise the consequences mentioned by my brother Bowen would seem to follow; and, if it were proved that cowries are part of the currency of Africa, they must be treated as money in this country, though there were no custom here to treat them as money. It being clear, therefore, that the custom in this country must be looked to in order to determine whether these instruments were negotiable, in the present case there was no evidence of any custom here to treat them as negotiable instruments. For these reasons I agree that the appeal must be dismissed. *Appeal dismissed.*

LEGAL MISCELLANY.

NATIONAL BANKS—VIOLATION OF LAW—AGENCY—PRACTICE.—A national bank investing funds for a party contrary to law is liable to him in damages, and cannot say that its cashier had no authority to purchase the bonds in question, if it claimed the appreciation of such bonds. In Kentucky, it is not essential that, in a general verdict for the plaintiff, the jury shall assess the damages, if nothing remains to be done but to compute the amount by a simple arithmetical calculation. [*Logan County National Bank v. Townsend*, Ky. Court of Appeals.]

NATIONAL BANKS.—It is unlawful for a national bank to lend more than a certain amount of money to the same person or firm, but the debtor cannot plead the illegality as a defense to a suit for the debt. The government can punish the bank by exacting a penalty for the violation of the law. [*Wymans v. Citizens, etc. Bank*, U. S. Circuit Court, Minn.]

BANKS—RENEWAL—EVIDENCE.—A bank may recover on notes taken in renewal without showing that they were duly entered on their discount books. [*Moseby v. Bedford Co. Bank*, S. C. Penn.]

BANKS—RECEIVER—DIRECTOR.—The receiver of a national bank can enforce against the directors any rights growing out of their defaults that the bank could have done. A president, absent on sick leave when losses occur, is not liable for them. When directors are liable for discounting notes imperfectly secured. [*Movius v. Lee*, U. S. Circuit Court, N. Y.]

BILLS AND NOTES—BONA FIDE HOLDER—DEBT—SURETY.—One who takes negotiable paper before maturity, without notice of any defect in title in payment of an antecedent debt, is a purchaser for value. A surety upon a note, signed by him as such, if the maker negotiates it without obtaining another surety thereon, though he promised so to do is liable. [*Tabor v. Merchants' National Bank*, S. C. Arkansas.]

BILLS AND NOTES—MAKER—DESIGNATION—LIABILITY.—When a promissory note is signed with the designation of "Trustees Omega Lodge" after the names of the makers, they are personally liable thereon. [*Coburn v. Omega Lodge*, S. C. Iowa.]

BOND—OFFICIAL BOND—ACCOUNT.—An officer and his sureties on his official bond are liable if he fails to pay or account at the close of his term. He cannot transfer the liability from one set of sureties to another by merely charging himself on the account of the new lease of office with the deficit of the old. [*State v. Churchill*, S. C. Arkansas.]

ALTERATION OF NOTE.—The administratrix of the deceased maker of a note, of which she is the payee, may make an alteration of the note by an indorsement changing the place of payment. [*Horton v. Horton's Estate*, S. C. Iowa.]

NATIONAL BANKS—CREDITOR'S BILL—STATUTORY LIABILITY—LIMITATIONS.—A bill against a national bank and its president, charging that he and some of the stockholders colluded to defraud the creditors in putting the bank into voluntary liquidation, may be amended by bringing in all the stockholders and charging them with their statutory liability. The original bill having been filed by a single creditor, may be amended by making it a creditor's bill and bringing in

all the creditors. When a bill is filed in behalf of all creditors, the statute of limitations will not run against any of them after the filing of the bill. [*Richmond v. Irons*, U. S. Supreme Court.]

BANKS—SAVING—SURPLUS PROFITS—INTEREST.—Interest, not paid, though accrued, is not surplus profits of a savings bank for dividends, under the California act. [*People v. San Fran. S. Union*, S. C. Cal.]

PROMISSORY NOTE—DEFENSE.—In a suit on a promissory note by an administrator, who found it among the deceased's papers, the defendant plead that it was accommodation paper: *Held*, that the question was properly left to the jury. [*Potteiger v. Potteiger*, S. C. Penn.]

PROMISSORY NOTES—PAYMENT—CONDITION PRECEDENT.—Where a deed of land and delivery of possession are the consideration for a promissory note to be performed on or prior to payment, they are conditions precedent, and no recovery can be had till they are performed or tendered. [*Winstandley v. Randen*, S. C. Indiana.]

WORDS OF DESCRIPTION.—A promissory note to A, executor of B, deceased, is a note to A individually. [*Litchfield v. Flint*, N. Y. Court of Appeals.]

ACTION FOR DEPOSIT—OPINION OF CASHIER.—In an action to recover the sum of \$550, alleged by plaintiff to be the balance due on certain deposits made by him with defendant, a bank, the admission of a question and answer put by defendant to its cashier, and answered by him after said cashier had testified to the manner of entering deposits in the bank books, and on the customer's pass-book, and that it did not appear on the bank book that a deposit entered on a certain day in plaintiff's pass book had been entered in the bank book, as follows: "If plaintiff really made the deposit as he claims, on what theory, if any, can you account for its not appearing on the books of the bank?" Objected to by plaintiff's attorney, and to which witness replied: "Upon no other theory but that the teller put the money in his pocket," is an error on which a judgment for the defendant will be reversed. [*Meade v. Carolina National Bank of Columbia*, 24 or 25 S. Carolina.]

SAVINGS BANK—VOLUNTARY LIQUIDATION—RIGHT TO SURPLUS.—Where a savings institution, whose charter provides that the depositors shall receive as interest their ratable proportions of the profits, after deducting expenses and retaining a reasonable surplus or contingent fund, and that neither the bank nor its managers should receive any benefit from any deposit, or the produce thereof, goes into voluntary liquidation, and, after paying all of its depositors, has a surplus in hand, such surplus belongs to those depositors only who had deposits when the winding-up proceedings were commenced, and to the exclusion of all those who withdrew their deposits prior to that time, and will be distributed among them ratably according to the amount of their respective deposits. [*Morristown Inst. for Savings v. Roberts*, 42 or 43 N. J. Eq.]

DRAFT INDORSED FOR COLLECTION—LIABILITY OF COLLECTING BANK.—Where a bank indorses a draft for collection to another bank, which bank, in turn, indorses it also for collection to a third bank, and that bank collects it, *held*, it cannot apply the proceeds to a debt due it by the second or intermediate bank, that bank having become insolvent, but the proceeds belong to the bank first making the indorsement, the restrictive indorsements giving notice of such ownership to the collecting bank. It is not a question of agency as to which bank the collecting bank is agent of, but the rights of the parties are determined by the

fact that the collecting bank knowing, from the indorsements, to which bank it belonged, is liable as a trustee, to such owner, for the proceeds. [*City Bank of Sherman v. Weiss*, 65 or 66 Texas.]

PAYMENT—DRAFT—RENEWAL—INTENTION—GUARANTY—ON CONDITION—BILL OF EXCHANGE.—A draft given in renewal of another valid and pre-existing draft, in the absence of the mutual intention, express or implied, of the debtor and creditor, to the contrary effect, operates only as a suspension of the debt evidenced by the original draft, and is not a satisfaction of it until paid. [*Belleville Savings Bank v. Bornman*, 118 or 119 Illinois.]

PROMISSORY NOTE—CONSIDERATION—PRODUCTION OF NOTE—BURDEN OF PROOF.—In an action on a promissory note, where the defendant meets the *prima facie* case established by the production of the note by evidence that the money for which the note was given and delivered to him as a gift from his father, of whose estate the plaintiff was administrator, and that a note was given simply because it was uncertain whether the sum, or a part of it, would not be needed for the payment of his father's debts, the burden of proving a consideration is with the plaintiff. [*Perley v. Perley*, 143 or 144 Mass.]

USURY—PROMISSORY NOTE FOR MONEY BORROWED TO PAY USURIOUS NOTE.—A promissory note, given for a balance due on previous notes which were usurious, is itself tainted with usury; but a note, given for money to be applied in payment of other notes which were usurious, is not itself usurious. [*Cottrell v. Sputhwich*, 69 or 70 Iowa.]

PROMISSORY NOTES—LIABILITY OF OFFICER OF CORPORATION SIGNING AS MAKER.—A promissory note, signed, "Independence Mfg. Co., B. I. Brownell, Pres.," purporting to bind both signers, and having nothing on its face to indicate that the last signer was president of the corporation, or had signed the note for it or on its behalf, binds the last signer personally; and the letters "Pres." must be regarded simply as descriptive of the person to whose signature they are appended. [*Heffner v. Brownell*, 69 or 70 Iowa.]

PROMISSORY NOTES—ACTION ON—PLEA OF EQUITABLE SET-OFF—DEMURRER.—An action of debt was brought upon a note, dated November 1st 1880, and given for the purchase-money of a quantity of guano. The defendant filed a special plea of equitable set-off, the *gravamen* of which was an alleged breach of contract by the plaintiff in failing to deliver promptly to the railroad company the quantity of fertilizer for which the note was given, to be transported to the defendant on or before the 22d day of September 1880, according to his agreement, to which special plea defendant demurred generally: *Held*, that the defendant had waived the defense pleaded by executing his note for the amount, after the alleged breach, and that the demurrer to the plea should have been sustained. [*Reid v. Field*, 81 or 82 Va.]

INDORSERS—PAROL CONTRACT.—Blank indorsers of a promissory note cannot alter the liability of the maker, as fixed by the note, by a parol agreement between themselves and the maker. [*Latham v. Houston Flour Mills*, S. C. Texas.]

PAYMENT—APPLICATION.—Where one owed to the same creditor a debt secured by mortgage and other unsecured debts, and made a general payment, not specifying to which of his debts it should be applied, the creditor had a right to apply it to the unsecured debts. [*Thatcher v. Massey*, S. C. S. Carolina.]

REFUNDING THE DEBT.

The *Financial Chronicle* makes the suggestion that the reduction of the principal of the public debt which has gone on continuously for more than twenty years, ought not to stop even for the short space that intervenes before the maturity of the $4\frac{1}{2}$ per cent. bonds. These bonds, \$250,000,000 in all, become payable in 1891. The *Chronicle* does not offer any plan for continuing the debt-paying process, but thinks that it is not impossible to contrive some refunding plan that would be acceptable to the bondholders, whereby surplus revenues might be continuously applied to the lessening of the debt, although at some less rapid rate than has prevailed heretofore.

We agree with the *Chronicle* that debt paying ought not to stop even for a short time, and that we ought not to dismantle our tax machinery while so large a claim as \$1,100,000,000 is still outstanding. The public mind will be in a state of uneasiness as soon as the public debt becomes a stationary, immovable mass, calling for a fixed amount of interest yearly. The people are perfectly willing to be taxed for the reduction of the debt. Indeed, it may be said they are not willing not to be taxed for it. They have been impatient of the debt from the beginning, but impatient only to see it honestly paid and discharged. They have taken a just national pride in seeing it melt away. There have been periods of temporary craze, when a minority have demanded the payment of the bonds in greenbacks. Some few have bewailed the resumption of specie payments because the restoration of parity between specie and paper made the paying of bonds in greenbacks no longer advantageous to the one side or disadvantageous to the other. But among the great mass of citizens there never was a time when any questionable mode of payment would have been acceptable. Nor will there be any such time hereafter. The only ground for discontent will arise when the payment of the debt shall be checked by the inability of the Government to get hold of any bonds to pay and cancel. That time will arrive before Congress meets again in regular session, so that the present discussion is by no means premature.

The Secretary of the Treasury can dispose of his surplus for a few months by anticipating the payment of interest on the debt. That is an awkward scheme of finance, but not so awkward as piling up money in the Treasury. A few millions might be accumulated without danger to business interests, but if any disturbance should occur in the money market, from any cause whatever, it would be ascribed to the hoarding of the Government, and the political consequences would be serious. The Administration would be held accountable for the prosperity of the country at all points. Every man whose business did not go to his liking would blame the Government for making money tight. Paying the interest in advance would be open to criticism in ordinary times, but, as an alternative to the hiding of the people's money in a napkin, it would be approved by ninety-nine out of every hundred persons in the community. It is only as a temporary expedient, and in some sort a necessity, that anybody would recommend it.

What is wanted is a plan for continuing the payment of the principal of the debt without intermission, and without greatly extending the time for the ultimate redemption of the whole. If the whole of it were due now, it would take about ten years to pay it off. Therefore, an extension of some part of it for ten years would be admissible. Any long

extension in exchange for a lower rate of interest would not be acceptable. The public mind is fixed rather upon the principal than upon the rate of interest. Refunding cannot be brought before Congress with any hope of success if it contemplates any considerable postponement of the time of final payment.

What, then, can be done? The bondholders cannot be forced to take their money before it is due. A contract has been entered into which must be observed. At the time when it was made it was deemed greatly advantageous to the Government. Bonds bearing a high rate of interest were refunded at a lower rate than had been considered possible in this country. Only ten years have passed, yet so great has been the accumulation of capital in that time that twenty-year loans can be had on Government security at about $2\frac{1}{2}$ per cent. per annum. The 4 per cent. bonds, whose negotiation at par was looked at as something wonderful in 1877, bring nearly 30 per cent. premium. The holders do not want to be disturbed. They only ask to be let alone. Large amounts of the public debt are tied up in trusts and cannot be disturbed. But there are other large amounts, whose situation is well known, that the Government may deal with in a manner satisfactory to the holders and to the taxpayers, *i. e.*, the bonds held by the national banks.

The amount and description of bonds held by the banks are subject to frequent change, but we may assume that they will hold as much as \$200,000,000 for all purposes until the maturity of the 4s in 1907. The amount to be paid on these bonds running till 1907 is twenty years' interest, or \$160,000,000, plus the principal, being \$360,000,000 in all. Now the problem is to pay as much as possible of this aggregate sum before the next batch of bonds, the $4\frac{1}{2}$ s, fall due. If the interest could be reduced to $2\frac{1}{2}$ per cent. instead of 4, the Government could afford to pay the other $1\frac{1}{2}$ per cent. in a lump sum now, seeing that it has no other use for its money; but the banks could afford to take less, since they are in the money-lending business, and could use this premium or advance payment of interest in their loans and discounts at a better rate than $2\frac{1}{2}$ per cent. The 30 per cent. premium on the bonds is realizable now by any holder, whether a bank or a private person. It can be obtained by a mere sale in the open market. Therefore the Government would confer no favor upon any holder by offering him \$30 in cash and a new $2\frac{1}{2}$ per cent. bond for his present holding. The banks, however, could and would take less than the market premium, because their premium is not realizable while their notes are outstanding. They can only get it by retiring from business as banks of issue. Upon condition of a change in the law which would not lessen the security of the bank circulation at all, they could afford to take in lieu of the \$30 premium a sum which, invested at $2\frac{1}{2}$ per cent., would produce \$30 in twenty years. A bank holding \$100,000 4 per cent. bonds has a marketable article of \$130,000. But this is subject to a shrinkage of \$1,500 per year, the whole premium being extinguished in twenty years. By remaining *in statu quo* the premium is lost. Therefore it can accept less than the premium as a present payment. If the Government can negotiate for anything less, and can substitute a bond at $2\frac{1}{2}$ per cent. instead of 4, it will make a clear gain besides using its present revenues to pay off a future liability.

To illustrate in another way: A bank or other holder of \$100,000 4 per cents will get by mere inertia \$80,000 interest in twenty years. By accepting a $2\frac{1}{2}$ per cent. bond he will get \$50,000 interest plus \$30,000 cash (if that should be the agreed premium) plus the use of the \$30,000 for twenty years. Of course the agreed premium would not be \$30,000, but it might be as much as \$20,000. Such a plan would be attractive

only to the enterprising class of bondholders, but the banks belong to this class. So also do the savings banks and the life-insurance companies. They know how to make profitable use of the premium if they can once get it. There is another factor in the case of no small importance, viz., the tax on bank circulation. This amounts to 1 per cent. per annum. It is no longer needed by the Government, yet it may properly be used as a make-weight in any plan for refunding the bonds held by the banks.

It has been urged that this plan would have no chance of success in Congress, because it is too complicated to be understood by the people, that an outcry would be raised against the payment of a premium to the bondholders, and that this outcry would be all the louder if the national banks were the ones to reap the premium. The plan has been before Congress for some years without attracting much attention. It was first suggested by Mr. John Jay Knox, then Comptroller of the Currency. It was subsequently introduced in the House by Mr. Hewitt and advocated by him in a speech. It was also, we believe, urged by Senator Jones, of Nevada, in the Senate. It was not treated seriously in either House, because the subject was not then a pressing one. It has now become pressing, and must be treated seriously. We have little doubt that all persons can be made to understand it who can understand any financial question. At all events, a really necessary measure cannot be postponed because a portion of the community are too ignorant or too indolent to comprehend its merits.—*The Nation*.

LOANS TO AID CORNERS.

It is pleasant to award merited praise to a public official for a faithfulness to law and the public interest which is not too common. The examination at the Fidelity Bank of Cincinnati convinced the examiner that the officials of that bank had been speculating. It was a matter of common notoriety that the great wheat corner had been engineered by persons connected with that bank, but such reports often do injustice, and it was perfectly proper for the official to disregard them until his own investigation had convinced him of their truth. If they were true, the officials of the bank were not only disregarding in technicalities a law framed for the protection of stockholders and depositors in a bank, but they were engaged in an operation contrary to the laws of the State, of Illinois, and hostile to public interest everywhere. If this was proved, to the satisfaction of the examiner, he performed his plain duty in requiring the bank to remove the offending officers, or to wind up its affairs. Yesterday the bank closed its doors.

This step brings to mind efforts which were industriously made not long ago to get part of the money to carry on the wheat corner from New York banks. Paper of the wheat operators, supposed to be abundantly secured by wheat as collateral at 70 cents, was offered to more than one New York bank in large amounts. By some of them, it is certain, the loans were refused, though it was not imagined that they were risky. One bank president declined expressly on the ground that he would not use the funds of a commercial bank to aid an operation which was in its nature a conspiracy against commercial interests and legitimate business. But if current reports are not in error, other banks did accept the paper, loaned large sums of money on it, and probably have more interest than they now desire in the condition of the Fidelity Bank of Cincinnati, and in the litigation which is so rapidly multiplying at Chicago.—*New York Tribune*.

STRAY LEAVES FROM BANKING.

If we look at banking merely on the practical side, it appears to be a remarkably literal and prosaic business; but there is such a thing as the poetry of wealth, and this can even give a certain amount of imagination or romance to the cash-book or ledger, although possessing the solidarity of banking. As one reads the records of banking scattered about in various books, lives, evidence, Hansard, magazine literature, etc., this impression of heaviness wears off; changes and chances becomes apparent; ambition, rascality, intrigue, adventure, come forth as conspicuously as in the arena of war, law or politics. Fiction used to be fond of dealing with bankers, as the *Newcomes* of Thackeray and the *Sidonia* of Lord Beaconsfield bear witness; but, as usual, real life leaves fiction far behind, and authentic history transcends the fabulous. The business of banking extends through a large gamut, using all the scales; sometimes bankers are the companions and equal of princes, and at the other end they are simply pawnbrokers. There is the well-known historic fact of one Fuggers entertaining Charles the Fifth, and burning all his bills as a more than royal present; then we have Baring and Goldsmid helping Pitt; and the Rothschilds, of truly catholic mind, helping everyone whose security is indisputable.

Think of Nathan Rothschild hovering one day over the outskirts of the field of Waterloo (if that celebrated banking legend be true), and a few days afterwards leaning in deep dejection against his usual pillar in the Royal Exchange, as if the English had lost the battle. Then we have had the two great banking heiresses of our time, the heiress of the house of Coutts, and the heiress of the house of Jones, Loyd & Co., whose matrimonial fortunes have in their time excited the keenest interest in London society. Even the Old Lady of Threadneedle street has had her adventures at times. She has had her secret confabulations with ministers, and her sharp conflicts with joint stock companies. One tradesman is able to found a bank because farmers, afraid of highwaymen, insist on leaving their ready money at his house. Another banker is enriched because deposits, never called for, are swept into his private coffers. Now and then an immense forgery is made upon a bank; and once or twice a burglary on a colossal scale is achieved, and a good deal of loot is the result. One great banker, Henry Fautleroy, was found guilty, on the evidence of his own handwriting, of having committed forgery to the extent of hundreds of thousands of pounds; and a whole firm, Strahan, Paul & Bates, passed off into penal servitude. A number of tragic stories may be told of banks that have destroyed themselves by reckless trading or speculations, and others that have been causelessly destroyed by insensate "runs" on their banks.

The bishops and presbyters of the very early days kept banks, practiced medicine, wrought as silversmiths, tended sheep, or sold their goods in the open market; only a few years ago one might go into Twinings & Co. and buy tea across the counter. Many other banks besides Twinings have begun with tea dealing. A curious interest attaches to the bank of Jemmy Wood, the grocer, of Gloucester. It was the oldest private bank in the country, and it is now the site of one of the largest of the joint stock banks of modern times. A hundred years ago all the banks were private banks, except the Bank of England. Yet that acute thinker, Adam Smith, had declared his appreciation of

such banks long before they were formed. He writes, in the *Wealth of Nations*: "The constitution of joint stock companies renders them in general more tenacious of established rules than any private copartnership; such companies, therefore, seem extremely fitted for the trade of banking," and certainly from the existing state of things Adam Smith's prophecy has been more than verified. The history of the rise of the well-known firm of Smith, Payne & Co. may be interesting. There was a draper in the midland counties named Smith, who had a large connection among the neighboring farmers, in the vicinity of Sherwood Forest; and there was at this time a great deal of well-founded alarm on the subject of highwaymen. The farmers used to leave their cash with this draper, who, with a fine instinct, hit upon the first principles of finance, of buying with ready money and of giving accommodation on security to those who wanted it. When he began to allow interest to his depositors, money flowed in largely upon him, and Mr. Smith became a regular banker. He opened a bank at Lincoln and another at Hull, and forming a connection with a Mr. Payne, of London, established a flourishing business in that city. The Prime Minister made the head of the house a peer (Lord Carrington), giving rise to the well known lines chalked on Mr. Smith's door at his country seat at High Wycombe:

Bobby Smith lives here,
Billy Pitt made him a peer,
And took the pen from behind his ear.

Those indeed were fine old-fashioned days which have altogether altered. The old bankers were the men who kept up to the last the powder and pigtail, the top-boots and knee-breeches, and would not allow a Saturday half-holiday.

The banker in old times never concerned himself with literature, for he would be regarded as going to professional perdition. When the news came to Lord Chief Justice Ellenborough that a young banker named Rogers had just published a poem on *The Pleasures of Memory*, he exclaimed "If old Gozzy," alluding to the respected head of the firm with which he was banking, "ever so much as says a good thing, let alone writing, I will close my account with him the next morning."

The firm of Jones, Loyd & Co. had a somewhat romantic history; it may be said to have commenced in a love affair between a young dissenting minister of Manchester and the daughter of a member of his congregation. Mr. James Loyd preached so eloquently in his Welsh chapel that Mary Jones fell in love with him. Her father was a great man at the chapel, being both banker and manufacturer; the young people, fearing the father's consent could not be secured, were secretly married. Concealment soon became impossible, and the father-in-law was reconciled to them, but took him away from preaching and sent him to London, there to open a metropolitan branch of the business. He proved to be the very man for a banker, eminently sagacious, clear-headed and honorable, and very soon *Jones upon Jones* became a well-known commercial phrase of the times. In 1844, Lewis Loyd purchased Overstone Park, near Northampton, of about 1,500 acres, where he resided until 1858. He bequeathed three millions of money, and left an only son, Sam Jones Loyd, who was shortly afterwards made Lord Overstone, and who enjoyed the reputation of one of the greatest authorities on all banking and financial matters. We are not aware what bankers Disraeli meant by the Neuchatels; perhaps he never intended us to know; he would draw his portraits and then blur them with the deliberate purpose of making them indistinct. In some respects the Neuchatels read like the Rothschilds, but in others like the

Thellussons. He speaks of the jewels and treasures deposited with the Neuchatels at the time of the French Revolution by alarmed proprietors and capitalists in other European States; the Neuchatels thus had the command for a quarter of a century, more or less, of adventitious millions. They were scrupulous and faithful stewards, but they were doubtless repaid for their vigilance, their anxiety, and often their risk, by the opportunities which these rare resources permitted them to enjoy. Disraeli showed the nation the kind of banking operation by which such people as the Neuchatels make their money. When he bought for the country the shares in the Suez Canal, the Rothschilds advanced the necessary millions, and for this operation, which did not involve the slightest risk, they received more than eighty thousand pounds. The great statesman, at the same time, did a fine financial stroke for his country, worthy of any banker, for Mr. Gladstone was able to state in the House of Commons afterwards that those four millions were then worth double the money to the country in the open market. The house of Coutts & Co. has a very interesting history. The kindly and popular Baroness, at one time the head of the firm, was generally supposed to draw a hundred thousand a year from the business. Mr. Coutts married, for his second wife, Miss Mellon, the actress, to whom he left his entire fortune, about a million of money. Mrs. Coutts, left a widow, married the Duke of St. Albans, but in her marriage settlement this vast fortune was left entirely in her own power; she thought, therefore, that she would best carry out the wishes of her husband, who had made the money, by bequeathing it to his favorite granddaughter, Miss Angela Burdett, the daughter of the famous Sir Francis. An infinite amount of this money has thus "wandered, heaven-directed, to the poor." Child's Bank was once represented by a lady, who became Countess of Westmoreland, and afterwards by her daughter, who became Countess of Jersey. On certain state occasions Lady Jersey dined with the bank officials, and took the head of the table.

The firm of Thellusson was a very famous one. This we fancy was the firm which Dickens had in mind in the Telfson Bank, in his *Tale of Two Cities*. This bank had a very close connection with Paris. A great number of customers were French. Peter Thellusson had belonged to the Paris firm of Thellusson & Necker, the latter, first clerk, and then partner in the business, being the great financial minister whose wife was the first love of Edw. Gibbon. He migrated to London and established a bank, which grew up to vast proportions in connection with the Paris house. The will of Peter Thellusson is one of the most memorable of legal documents. After leaving modest fortunes to his wife, sons and daughters, he directed his property to accumulate until their descendants should become, under certain conditions, the most opulent of private individuals. Failing such descendants, the money was to go to pay off the national debt; it must be borne in mind that many of Thellusson's customers were émigrés, or unfortunate nobles who had perished by the guillotine in Paris. Great obscurity hung over the fate of many, and it was uncertain how far they or their representatives might turn up to claim deposits; therefore Thellusson's desire might have been that there should be abundant funds to satisfy to the utmost every such claim. On the other hand, it may be argued that it was simply the design of the old banker to make the ultimate possessor of his bequest the richest man in the world. He was to have inherited at least twenty millions; the annual income, however, seems to have been pretty well divided among the lawyers, and an act of Parliament now renders any such accumulations almost impossible.—*London Bankers' Magazine*.

THE DUTIES OF DIRECTORS, AND THE IMPORTANCE OF DETAILED REPORTS.

It is a well-known and common cause of complaint that the directors or trustees of public companies do not always make public, or even give privately to their stockholders, such detailed information concerning the administration of their interests as is necessary to enable them to judge of the degree of ability and economy, not to say honesty, with which their affairs are conducted. This shortcoming is not by any means confined to the directors of mining and metallurgical companies, but we shall address our remarks at present chiefly to these, and shall cite specially one or more of the chief offenders.

It goes without saying that when swindlers get control of mining or other companies they will, naturally, desire to keep their transactions in the dark, and will not make public such detailed reports as might expose them; so we must assume as a starting point that the management is honest, and has therefore no rascality to conceal. Why, then, it has been asked, should it be unwilling to make public detailed reports that will show the degree of skill and economy with which its business is conducted?

One or more of the following reasons are sometimes given in justification of a refusal to furnish this information:

1. That the general public has no right to this knowledge, and if stockholders want to know anything they should apply privately, and the information should not be given in a public form.

2. That the managers are honest, above suspicion, enjoy the confidence of their stockholders and are put in charge by these to manage their business as they would their own, and when their administration ceases to be satisfactory the stockholders can change it.

3. That the trustees own or control a large proportion of the stock, and the other stockholders should take it for granted that the business is being conducted in the proper and best manner, and if they don't like it they can sell out. This reason is not usually stated in terms as abrupt as these, but it practically amounts to this.

4. That the cost of the production depends upon trade secrets which it would be imprudent to reveal to rivals.

Let us examine into the subject. The stockholders have an absolute right to know such details of the business as will enable them to judge whether their interests are being administered honestly, and with economy and ability.

The self-assumption of honesty and skill on the part of the administration in no way relieves the officers from submitting the proof of these claims to their stockholders, neither does the proportion of the stock held by the management relieve it of this obligation.

The day has long gone by when the directors of public companies can deny that stockholders have a right to know how their property is being managed. The law recognizes this right, and if it were efficiently administered in most of the States would secure the annual record of facts which would go far toward answering the reasonable inquiries of stockholders, and of the public, who are invited to buy and sell the stock, by the fact of the company having it listed on the exchanges.

Unfortunately, the spirit of the law is not complied with, and a stockholder is frequently given the option of accepting interested assertions

of the honesty, efficiency, and economy of the administration, or of enforcing through an expensive lawsuit his right to have the proofs of the truth of these assertions.

It may well be suspected that where this information is denied or withheld by the management, there is good ground for the stockholder to desire to have it.

It should never be forgotten that **DIRECTORS OF COMPANIES ARE SIMPLY TRUSTEES OF THE STOCKHOLDERS**, and each stockholder has an absolute right to know how his property is being administered. It is too easy, alas, to cite many examples of breaches of trust by those who possessed the confidence of their stockholders, and who enjoyed a general reputation for honesty, to permit us to consider either this confidence or this reputation as a satisfactory substitute for detailed reports.

Honesty should induce its possessor to not only avoid giving encouragement, by example, to practices which are the familiar cloak, if not the cause, of much rascality; but it should insist upon the exercise of just such checks on the administration as would prevent or expose abuses, if they were attempted by dishonest or incompetent persons.

It may occur that an honest administration is incompetent and extravagant, and it is conceivable that an arrogant or vain man might feel mortified by the adverse criticism that a publication of these facts would bring out. But the prosperity of an industry and the interests of stockholders should be held more sacred than the personal feelings of managers. No human being is omniscient or infallible, and mistakes of judgment are easily forgiven to an honest man.—*Engineering and Mining Journal*.

ECONOMIC NOTES.

Mr. J. R. Dodge, the statistician of the Department of Agriculture, in an article in which he discusses the debts of farmers in the several States, says of the farmers of Pennsylvania:

"The indebtedness of farmers of Pennsylvania, it is believed, has decreased as compared with ten years ago. It is estimated that not more than 15 per cent. of the farms are mortgaged. The average interest rate is about 5 per cent. Many farmers have property in other branches of business and farmers themselves hold in part the indebtedness of other farmers. With an average value of farms, according to the last census, of almost \$50 per acre—nearly \$1,000,000,000, or about one-tenth of the farm valuation of the United States—owned mainly by the farmers cultivating them, and yielding a product worth \$431 for each person engaged, either as farmer or laborer, in agriculture, the agricultural interests in Pennsylvania may be said to be prosperous, even in the present era of low prices. Of course there are some who will occupy positions of hardship and difficulty. The source of this prosperity is found in the local markets of the State. It is probable that no other State is more nearly self-supporting, and perhaps none that depends on other States or other countries so little either in buying or selling products of agriculture."

THE COST OF TRANSPORTATION IN 1817.

"Supposing that you and I were common carriers, and supposing that we succeeded in reducing the cost of transportation to one-tenth of what it was when we commenced, why should the community look upon us as extortionists, even if we make large dividends?"

I find that the average cost of transporting a ton of freight one mile

on the Pennsylvania line was less than half a cent. Here, also, is the *Analectic Magazine*, published at No. 52 Chestnut street, near Second street, Philadelphia, in 1818. On page 370 we read as follows: "In the course of the twelve months of 1817 12,000 wagons passed the Allegheny Mountains from Philadelphia and Baltimore with from 4 to 6 horses, carrying from 35 to 40 hundred-weight. The cost of carriage was about \$7 per hundred-weight, in some cases as high as \$10, to Philadelphia. The aggregate sum paid for the conveyance of goods exceeded \$1,500,000."

The distance from Pittsburgh to Philadelphia being 385 miles it follows that the cost of moving a ton of freight from one city to the other has fallen from \$140 in 1817 to \$1.92½ in 1887. In 1817 the Philadelphia workingman had to pay \$14 for moving a barrel of flour from Pittsburgh to Philadelphia, while the Pittsburgh workingman paid \$7 for bringing 100 pounds of dry goods from Philadelphia to Pittsburgh. Now the Philadelphia workingman pays one-tenth of \$1.92½ for carrying his barrel of flour from Pittsburgh to Philadelphia and the Pittsburgh workingman pays one-twentieth of \$1.92½ for bringing his dry goods from Philadelphia to Pittsburgh. This is what the railroads of the country have done for the people. *Extract from Letter.*

CLIPPING, FILING, SWEATING COIN.

"Milling" the edge of our gold and silver coins, termed also "graining" and "crenating," first employed in 1646, to prevent their being injured by wear, and more especially by being clipped by rogues, is a hint taken from the ancient Syrians and Romans, who treated their coins similarly and for like reasons, by cutting out regular notches round the border, so as to show the inside of the metal. But the old forgers were not to be so easily beaten, and made corresponding incisions in their copper imitations, plating them over with silver. . . . Clipping, filing, and sweating coins—that is, immersing them in some strong acid that will eat away the surface, thus causing them to lose their weight, and consequently their value—are among the clumsier dodges; while the plan of covering pieces of iron, lead, copper, or other metal, cut to the size and shape of the coin to be imitated, with a thin plate of gold or silver neatly stamped and soldered at the edges, which can only be detected by weight and sound, calls for a greater degree of skill and manipulation. By a law of the Emperor Constantine false coiners were declared guilty of high treason and condemned to be burned alive; by the law of Athens, all counterfeiters, debasers, and diminishers of the current coin were subjected to capital punishment, and in our own country these offenses are deemed high treason, and not only these; but the mere fact of buying, selling, concealing, or knowingly having in possession any implements or tools for the coinage of money. A curious statute was framed in the reign of George II. to the effect that "any offender shall be pardoned in case (being out of prison) he discovers and convicts two other offenders of the same kind." It is also contrary to law to consign money to the melting pot, the punishment for which, in the reign of Charles II., was—"(1) forfeiture of the same, and also the double value; (2) the offender, if a freeman of any town, to be disfranchised; if not, to suffer six months' imprisonment." By a statute of William III., "any person buying or selling or knowingly having in his custody, any clipplings or filings of the coin of the realm, shall forfeit the same and £500, one moiety to the King and the other to the informer, and be branded on the cheek with the letter R." The counterfeiting of foreign coin is also considered a misdemeanor and breach of the peace, and liable to a punishment of one year's imprisonment for the first offense and seven years' penal servitude for the second.—*Chambers' Journal.*

POSSIBILITIES OF 75 CENTS WORTH OF IRON ORE.

A correspondent of the Bethlehem (Pa.) *Times* says, on the authority of Dr. George Woods, of Pittsburgh, that 75 cents worth of iron ore made into—

Bar iron is worth.....	\$	5.00
Horseshoes.....		10.50
Table knives.....		180.00
Fine needles.....		6,800.00
Shirt buttons.....		29,400.00
Watch springs.....		200,000.00
Hair springs.....		400,000.00
Pallet arbors.....		2,577,595.00

There is much, very much, in the above estimate that should receive the attention and consideration of our capitalists. Said John S. Clark, of Boston, in an address before the Franklin Institute, of Philadelphia, in 1881: "I hold in my hand a piece of steel. Its value is, perhaps, five cents; and yet it may be said to represent hardly more than so much raw material. In this hand I hold another piece of steel of similar quality, but less quantity, and yet this latter has a value of \$20. What makes this difference in value? Simply this, that human thought has been playing, as it were, about this latter piece of steel, and has made it the basis upon which it has concentered itself, so that we have an instrument of great practical use—a micrometer caliper—mainly the product of thought as expressed by skilled labor."

GREAT LANDHOLDERS GIVING PLACE TO SMALL ONES.

The idea is false that the farm lands in the United States are being rapidly absorbed by a few rich men. There is no truth whatever in the allegation, beyond what is being done by alien capitalists getting hold of large ranches out on the arid plains for cattle grazing, and an occasional farm-land monopolist like the Irish alien Scully, who will soon be expropriated, in Illinois. The great mass of the large farms in the organized States are in the South, and these are mostly cultivated on shares by the ex-slaves. The blacks have not been able, as a general thing, to buy farms, although there is plenty of land for sale cheap in the South. But the censuses of 1870 and 1880 show a rapid subdivision of land and increase in the number of farms in the Southern States. The numerous class known in old slavery times as the "poor white trash" since the war abolished slavery have purchased hundreds of thousands of homesteads. The general tendency in the South is to split up and sell off the large plantations, as hiring hands to work them is not profitable. The following table, made up from the United States census reports, exhibits the rapid subdivision of land in all the Southern States into smaller farms, which means more farms and fewer tenants working on other people's land.

SIZE OF FARMS—AVERAGES.

	1880.		1870.		1860.
Alabama.....	139	....	222	....	364
Arkansas.....	128	....	154	....	245
Florida.....	141	....	232	....	444
Kentucky.....	129	....	158	....	211
Louisiana.....	171	....	247	....	536
Maryland.....	126	....	167	....	190
Mississippi.....	156	....	193	....	370
Missouri.....	129	....	143	....	215
North Carolina.....	142	....	212	....	316
South Carolina.....	143	....	233	....	448
Tennessee.....	125	....	166	....	251
Texas.....	268	....	301	....	591
Virginia.....	163	....	248	....	324

The number of farms increased in each State about in the same proportion as the decrease in their size.—*Chicago Tribune*.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I.—FORGED CHECK.

Can a bank having once paid a forged check on itself and charged the same to its customer's account, have any recourse upon an indorser of said check?

A bank in this town received by way of remittance from its correspondent in a neighboring city, a check drawn on itself. It was paid and charged to the customer's account; but when the depositor's pass book was written up, the check in question was discovered to be a forgery. Can the bank here have recourse on its correspondent as indorser?

Would it make any difference if the bank sending the check here had cashed it before remittance, or had simply taken it for collection without advancing any money and had awaited the customary acknowledgment of payment and credit before making any advance thereon?

REPLY.—The general rule is well established that a bank is bound to know the signatures of its depositors, and, that if it pays a forged check to an innocent holder, it cannot recover back the money so paid. The fact that the check may have been indorsed by some person through whose hands it has passed, makes no difference. The indorsement is no guaranty to the *drawee* of the genuineness of the drawer's signature. See *BANKER'S MAGAZINE*, August, 1883, p. 142, and December, 1883, p. 469, where the various authorities upon the point are referred to.

II. HOW TO OBTAIN GOLD COIN.

Can you inform us in what way United States gold coins reach the public from the mint? We want to get a supply of new gold coins and have had no success in our applications for them.

REPLY.—The law (Rev. Stat., Sec. 3519) provides that any person having bullion, and wishing gold coin in exchange, may deposit the bullion at the mint and receive in exchange its value in coin. This is the only provision made in the laws for coin going direct to the public from the mint, but banks do not adopt that process; they apply direct to the Assistant Secretary of the Treasury in New York, who will issue gold in exchange for currency. Our inquirers may be able to procure the coins they desire by applying through their New York correspondent, who can have them shipped by express. The Assistant Treasurer is not obliged, however, to issue *new* coins, but may do so if he has them on hand of the kinds wanted.

BANKING AND FINANCIAL ITEMS.

TELEGRAPH COMPANIES' LIABILITY.—The Supreme Court of Tennessee recently rendered a decision involving the question of the liability of telegraph companies for negligence in the transmission of messages. The case was that of *Marr vs. The Western Union Telegraph Company*. Bradstreets' publishes the following summary of the facts:

"The plaintiff, it appears, sent a message to an agent in New York to buy 1,000 shares of Memphis & Charleston stock. The message was sent to buy 100 shares. The stock was on the increase, and when the plaintiff discovered the error the difference in the market value amounted to \$1,125. The plaintiff did not send another message to make out the 1,000 shares until the stock had advanced so far as to make the difference about \$3,000. The court held that the plaintiff could recover the difference in the market value between the time of sending the message and the time when he discovered the error, but that he could not recover for the increased value between the time when the error was discovered and the time when the correct message was sent, which was several days after, when the stock had gone up considerably. The court said it was the duty of the plaintiff to send a message correcting the error as soon as he discovered it. Regarding the status of the telegraph company, the court said that while the telegraph company, was not a common carrier so as to be an insurer, it was held to a great degree of liability, and was liable for negligence in transmitting the message. The conditions and contract that were mentioned on the blank message of the telegraph company were not binding on the sender of the message, although he might have knowledge of them, they being invalid, as the telegraph company could not contract against their own negligence."

THE DIRECTORS of the Equitable National Bank, Cincinnati, have elected Philip Stamm Assistant Cashier. Business has increased so rapidly in the few days that the bank has been open that it was necessary to increase the working force, and Mr. Stamm is the gentleman selected.

WILLIAM STICHTENOTH, JUN., has tendered to the Directors of the Atlas National Bank of Cincinnati his resignation as President. It has not been accepted, but will be acted upon at the next meeting. On account of many other business connections, Mr. Stichtenoth was backward about accepting the presidency in the first place. He now feels he cannot give the growing young bank the time and attention it deserves, and desires to be relieved.

TRADE DOLLARS.—It is believed at the Treasury that the trade dollars are about all in. Indications point to a total of about \$7,000,000 the estimate of the Mint Bureau when the redemption bill was passed. Receipts by the government for the month to date have exceeded the expenditures by \$5,124,000.

NORTH CAROLINA BONDS.—An important decision relative to North Carolina State bonds has been rendered by Judge Bond, of the United States Circuit Court at Raleigh. The State issued \$10,000,000 in special tax bonds in 1869, but has paid no interest on them for several years. The suit was begun in the interests of Morton, Bliss & Co., and others of the bondholders, to compel the State officials to levy the necessary tax to pay overdue coupons, which amounts nearly to the face value of the entire issue. The difficulty in previous suits was that the courts held that North Carolina could not be sued by citizens of other States, so the present suit was entered by Alfred H. Temple as plaintiff, he being a resident and citizen of North Carolina. Judge Bond holds that the acts passed by the State stopping taxation to pay this interest are null and void, and that her agents must collect and pay the same. As North Carolina has funded all her debt except this one issue, it is probable that the Governor will call a special session of the Legislature for action in the premises. As might be expected, a temporary activity was observable in current quotations recently on these tax bonds.

MAINE BANKS.—From the results of the first examination for 1887 of the savings banks and trust companies of Maine, as made by Fred. E. Richards, Esq., bank examiner, we learn that the amount of deposits in the fifty-four savings banks, May 1st, was \$38,247,470.89; an increase in the six months then closing, of \$1,032,399.49. During the same period the "reserve fund" has increased \$52,884.67, and amounts to \$1,411,629.27. The first examination of the banks in 1886 showed that the value of their assets exceeded their actual liabilities \$4,583,719.76; the examination just concluded shows this excess to be \$5,237,004.92, a gain in surplus during the year, of \$653,285.16. This increase comes almost wholly from the appreciation in the market value of securities, the choicest bonds having made the greatest advance. In the matter of paying dividends, there is no competition between banks, but an apparent emulation as to the character of the securities which constitute their assets and increasing the strength of the several institutions. The People's Trust Company of Farmington has had a wonderful growth, increasing its deposits during the year from \$114,241.14 to \$334,643.08. It has a large line of quick assets, convertible on the exchanges of Boston and New York. Since the year commenced, three of the nine banking institutions chartered by the last Legislature have notified the Examiner of their organization, viz.: The Northern Banking Company of Portland, the Eastern Loan and Banking Company of Bangor, and the Oxford Loan and Trust Company of Norway. Each of these corporations has a full paid up capital stock, and all have started business under the most promising auspices.

RETIRING PRESIDENT.—At the recent annual meeting of the Franklin Savings Bank of Boston, complimentary resolutions were passed on the retiring of Hon. Osmyn Brewster from the presidency of the bank, an office that he has held since the founding of the institution. In conformity with the vote passed, a portrait of Mr. Brewster has recently been painted by Mr. Daniel Strain, and it is now hanging in the banking room. Mr. Brewster, whose ninetieth birthday will occur on the second day of August next, still retains official connection with the bank as its first vice-president, and may be found at the bank on Boylston street in the forenoon of each day.

BANK FUNDS ATTACHED.—The Bank of Montreal has obtained from Judge Donohue, of the New York Supreme Court, an attachment in that State against the Fidelity National Bank, of Cincinnati. It was procured in a suit instituted to recover \$200,000, the value of two checks. A \$100,000 check drawn by the Fidelity Bank, at Cincinnati, on June 14, payable to the order of J. W. Wilshire, at the Chemical National Bank, of New York, and indorsed by the payee, J. W. Hoyt, and Irwin Green & Co., came into possession of the Montreal Bank with another similar check. The checks were presented for payment at the Chemical Bank, but were protested. Hence the suit and attachment. June 20, Eugene Powell, bank examiner, arrived there from Washington, and without resort to the courts served an order on the Fidelity National Bank not to open its doors unless it reorganized and deposed from official position the incumbent vice-president and general manager, Mr. E. L. Harper, also the cashier, Mr. Ammi Baldwin, and the assistant cashier, Mr. Ben E. Hopkins. The reason for this was the fact that the bank ordered the stoppage of the payment of its New York drafts, the opinions of able lawyers to the contrary notwithstanding. As the bank officers took legal advice before they committed what turns out to be apparently a gross offense, it is not unlikely that there will be much litigation over the matter hereafter. The deposed officers will fight if there is any possible ground for them to make a stand on. The whole thing was smothered in secrecy, and it leaked out in the effort to get the city papers to say nothing about it. The object of this was to prevent the excitement that the news would produce in the morning, in view of the fact that the stockholders will meet at half-past 7 A. M. and reorganize if possible. There seems to be no difficulty in the way of organizing and there is a disposition to keep the bank going. What the result will be, however, will be known very early in the morning. The officers of the bank explain that the reason they stopped the payment of the checks on drafts on the New York bank was that the payee at whose request their payment was stopped charged that the parties to whom he had transferred them had not carried out their part of the contract—in other words, that they had not made good all the conditions upon which they had obtained them.

WANTED—By a large and first-class bank in a Western city, an experienced cashier of fine ability, not more than forty-five years of age, in good health, of good moral character and standing, and free from the use of alcoholic stimulants or tobacco in any form; to such a liberal salary will be paid, and none others need apply. Address as below, giving such particulars as contracting parties would consider it necessary to know (all communications strictly confidential). Bank Official, Station A, New York city.

COSTLY EXPERIENCE AS A BANKER.—J. J. Hartigan, of Tracy, Minn., has lost \$11,000. A stranger named Powell came along and proposed to Hartigan to start a bank. The organization was effected and the concern started, though Powell put in no capital to speak of. He then issued a certificate of deposit to an alleged brother at Tracy for \$11,000. The brother went East and had the certificate cashed by a bank in New York. Before cashing the certificate the New York parties telegraphed to Powell, at Tracy, and received the reply that the money was on deposit. Powell has left Tracy.

BUYING UP A NATION.—A scheme, beside which the power of the Standard Oil Company is as a tallow dip to an electric light, has just come to light through the rumor circulated some days ago that Michael P. Grace, brother of Ex-Mayor Grace, had been killed by the Apaches. It has not been learned yet who started the story in the Southwest, as Mr. Grace is not there and has not been there for months. He is at present in London completing syndicate arrangements for a stupendous financial experiment, and it is understood that he has been successful. The project, which originated with the firm of W. R. Grace & Co., contemplates assuming the entire national debt of Peru, which amounts to hundreds of millions, mainly incurred during the war between Peru and Chili, from which Peru has been entirely unable to rally. Her prodigious debt has rendered her helpless to undertake the repair of her ruined railway or to institute those public works necessary to restore her industries. The firm of Grace & Co. have had dealings with Peru, and they conceived the plan of assuming this debt for values received. The syndicate has had guaranteed to it all railway, telegraph and telephone privileges for an indefinite period by the Peruvian government. The bargain is a good one on both sides. The state is relieved of its debt and given a chance to breathe again, and it is the interest of the holders of these privileges to develop to their utmost the industries and prosperity of the country through which their railways run.

BAKNER HENRY MAXWELL, just back from Europe, says money is so cheap in London that bankers there are ready to dump \$25,000,000 on this market.

INTER-STATE TELEGRAPHY.—The United States Supreme Court has decided another question of telegraph law. The State of Indiana has a law regulating the manner of delivering telegraph messages. The message in the suit was sent from Indiana to a town in Iowa, and there it was sent to the person addressed through the post-office. This was not a proper delivery according to the Indiana law, and suit was brought to recover the penalty of the statute. The Indiana court held the Western Union liable; but the Supreme Court decides that one State cannot compel a telegraph company to deliver its messages in another State in a certain manner. The laws of one State, for example, are not operative in another State.

W. W. CORCORAN, the aged millionaire philanthropist, was suddenly stricken with paralysis in the left arm and leg on the 6th of June. While dining with his family he suddenly exclaimed: "Who hit me on the head?" at the same time placing his hand on the spot where he said it felt as if he had received a blow. A moment later he felt for his fork with his left hand and could not find it, nor did he know when it was put into his hand. His mind was perfectly clear, and he insisted that there was nothing the matter with him except a feeling of numbness in the left arm. A few minutes later he arose and attempted to go to the next room, when he found that his leg was also affected and that he had lost control over it.

A BANK'S TWENTY-ONE YEARS.—The National Bank of the Republic of Philadelphia finished its twenty-first year of business May 22. It was organized in 1865, but opened for business May 22, 1866. The profits of the business in twenty-one years amount to \$1,180,563, of which \$827,500 has been divided among the stockholders and \$353,063 is surplus and undivided profit, in addition to a capital of \$500,000.

A NATIONAL BANK'S LUCK.—The First National Bank of Minneapolis, Minn., has been designated a depository of public moneys, and especially designated for the safekeeping of funds advanced to disbursing officers in the War Department.

THE COMMERCIAL BANK OF MANITOBA.—The second annual meeting of the Commercial Bank of Manitoba shows further substantial progress on the part of that institution. An increase of \$65,000 is reported in the paid-up capital stock, and we are glad to note that after paying a dividend at the rate of 7 per cent. per annum the directors have been able to add another \$10,000 to the nucleus of their reserve fund, bringing up that important safeguard to \$20,000. The prospects of the bank are good, and with the increasing development of the surrounding districts and consequent increased demand for banking facilities, its future progress seems to be assured. Mr. McArthur, the president, proves, after all, not to have been over sanguine in his address in 1886.

THE BANK OF MONTREAL in St. John, which formerly occupied an upper flat in the handsome block owned by the Maritime Bank, has now taken possession of the offices vacated by the defunct institution. The entrance is on the corner of King and Prince William streets, the very focus of business, and the site is an admirable one, and well fitted to be occupied by the leading bank in the Dominion.

A NEW BANKING ENTERPRISE.—Never in the history of the banking business of Kansas City has there been an event that has met with a more enthusiastic welcome from the business men of that city, and especially from those of the Bottoms, than the opening by the American National Bank of an office at the corner of Union avenue and Mulberry street. The American National Bank, located at the corner of Seventh and Delaware streets, although one of the youngest banking institutions in the city, it being opened only last August, is one of the largest and strongest, not only of the city, but in the West, its paid up capital being \$1,250,000, and its deposits amounting to nearly \$3,000,000. At the new Union avenue office the American will transact every kind of business relating to banking; consequently the opening of this office is indorsed by the business men of the Bottoms, where a large amount of the heavy business is now being transacted. This new banking office has been fitted up and furnished in the latest modern style; the wall decorations and bank furniture are models of artistic taste and beauty; the vaults and safes are the most perfect and secure, all of which makes it one of the most pleasant offices in the city. To inspire confidence in and to insure the success of this new banking enterprise, it is only necessary to announce that it will be under the management of Mr. D. V. Rieger, a gentleman well known in local banking history, who has been a resident of the city for sixteen years and for eight years connected with the Bank of Commerce. Mr. Rieger will be assisted by Mr. William G. Eads, formerly with the Bank of Commerce, and Mr. J. E. McKee, late of McCord, Nave & Co. This trio of gentlemen needs no introduction to business people, and especially those of the Bottoms. In the fitting up of the establishment the management have arranged a private reception room furnished with modern conveniences.

PRODUCE NATIONAL BANK OF PHILADELPHIA.—It is stated that the Produce National Bank is about to double its capital. W. C. Houston, who has long been connected with the bank, will retire from mercantile pursuits and give his whole attention to the interests of the bank.

SILVER LISTED.—The Governing Committee of the Stock Exchange, at their meeting June 8th, in New York, after an animated discussion, ordered that the silver bullion certificates be placed on the regular list and classified as "mining shares." The certificates are for 1,000 ounces of silver, 1,000 fine, deposited with the Mercantile Trust Company of New York, and registered with the Western National Bank. According to its terms no silver will be received less than 998 fine, nor single bars weighing more than 1,200 ounces, although bars of lower fineness will be taken and refined at the expense of the depositor, so as to bring the silver up to the standard required. A charge of 25 cents is made for each certificate issued and a storage rate of 1 cent a day will be charged for each 1,000 ounces. The Mercantile Safe Deposit Company will report the amount of bullion on hand every morning, and the Western National Bank will also report the number of certificates registered and to be registered.

TENTH NATIONAL BANK OF PHILADELPHIA.—The Tenth National Bank has purchased the property on Broad street, adjoining the southeast corner of Columbia avenue. Upon this site, which has a frontage of 46 feet and a depth of 90 feet, a handsome and substantial new bank building will be erected. It will be fitted with burglar proof safes and safety deposit vaults for the use of both the bank and the savings fund and safe deposit company in conjunction therewith.

A DECISION IMPORTANT TO BANKERS.—An opinion was rendered in the United States Circuit Court May 20, at Chicago, by Judge Gresham, which is of the greatest importance to bankers and banking men. A like case has never before been decided in American courts. A. J. Gillespie & Co., of Kansas City, were owners of about 1,400 head of cattle, and about the 1st of October, 1885, they shipped the herd to Chicago, consigning them to the stock and commission firm of Rappal, Sons & Co., and immediately drew drafts for the approximate value of the cattle. Rappal, Sons & Co., between the 2d and 6th of the month sold the cattle and deposited the money, about \$25,000, with the Union Stock Yards National Bank. At the time Rappal, Sons & Co. were overdrawn at the bank about the same amount. The bank, not knowing who the money belonged to, but only that it was deposited to the credit of Rappal, Sons & Co., appropriated the money to pay the overdraft. Gillespie & Co. filed a bill in the United States Court against the bank to recover the money. Judge Gresham decided to-day that Gillespie & Co. were entitled to the \$25,000.

LARGEST VAULT IN THE WORLD.—The construction of the new treasury silver vault is progressing. The vault will be the largest in the world, and will be capable of holding one hundred million silver dollars. It will be 89 by 50 by 12 feet in interior dimensions, surrounded by walls four and a half feet thick.

A NORTH CAROLINA BOND POOL.—Holders of the special tax bonds of North Carolina are arranging to pool their bonds, with a view to proposing a funding measure. The counsel for the bondholders states that the decision made yesterday overrules the defenses made by the State. The Attorney General in the name of the State objected to the jurisdiction of the United States Circuit Court. Temple, the plaintiff, who sued in the interest of Morton, Bliss & Co., is a citizen of North Carolina, and made the State a party defendant by name, setting up that she had passed acts in violation of the federal constitution affecting the special tax bonds. The bill asked that these acts be declared void and the executive officers of the State be decreed to collect the tax levied in the acts authorizing the issue of bonds. All the defenses of the State were overruled by Judge Bond, who held that the case having arisen under the constitution of the United States the jurisdiction was complete.

PALATKA NATIONAL BANK—The comptroller of the currency has directed an examiner to take charge of the Palatka (Fla.) National Bank, and will soon place its affairs in the hands of a receiver, owing to an impairment of about \$10,000 in the bank's capital stock of \$50,000 and the refusal of the stockholders to go into voluntary liquidation.

NATIONAL BANK AND LEGAL TENDER NOTES—Washington, June 1.—The following is a statement of the comptroller of the currency showing the amount of national bank notes and of legal-tender notes outstanding at the dates of the passage of the acts of June 20, 1874, Jan. 14, 1875, and May 31, 1878, together with the amounts outstanding at date and the increase or decrease. National Bank Notes—Amount outstanding due June 20, 1874, \$349,894,182. Amount outstanding Jan. 14, 1875, \$351,861,450. Amount outstanding May 31, 1878, \$322,555,965. Amount outstanding at date, \$282,101,177. Decrease during the last month, \$2,640,144. Decrease since June 1, 1886, \$29,409,068. Legal Tender Notes—Amount outstanding June 20, 1874, \$382,000,000. Amount outstanding Jan. 14, 1875, \$382,000,000. Amount retired under act of Jan. 14, 1875, to May 31, 1878, \$35,318,984. Amount outstanding on and since May 31, 1878, \$346,681,016. Amount on deposit with the treasurer of the United States to redeem notes of insolvent and liquidating banks, and banks retiring circulation, under acts of June 20, 1874, and July 12, 1882, \$102,792,157. Decrease in deposit during the last month \$923,148. Increase in deposit since June 1, 1886, \$41,539,543. Circulation of National Gold banks not included, \$259,714.

THE DOMINION BANK has had another good year, having earned nearly fourteen per cent. upon its capital of \$1,500,000. It has divided ten per cent., put \$50,000 to rest—making that fund \$1,070,000—and placed \$5,000 to Pension and Guarantee fund. The annual meeting will be held on Wednesday next.

BANKERS WILL GO TO PITTSBURGH.—New York, June 9.—George Marsland, Secretary of the American Bankers' Association, furnishes the following information in regard to the annual Convention: The Association received invitations to hold the Convention at Cincinnati, Ohio; St Louis, Mo; Niagara Falls, N. Y., and other cities. The first invitation, however, came from Pittsburgh. It has been decided, therefore, that the Convention shall be held at Pittsburgh on October 12 and 13 next. Every banking firm, State bank, National bank, Trust company and Savings bank in the United States is entitled to send one delegate.

REDEEMED BANK NOTES—The following is a statement of the redeemed national bank notes disposed of by the treasurer of the United States during the month of May, 1887, and the eleven months ending May 31, 1887, as compared with the corresponding period of last year: Notes fit for circulation, forwarded by express to the banks of issue, month of May, \$1,252,000; eleven months, \$19,331,410. Notes unfit for circulation, delivered to the comptroller of the currency for destruction, month of May, \$6,067,696; eleven months, \$60,189,117. Notes of national banks which have failed, and which were in liquidation prior to July 12, 1882, month of May, \$78,564; eleven months, \$1,048,423.50. Total loss for 1887, month of May, \$7,398,350; eleven months, \$80,568,950.50. Total for 1886, month of May, \$10,372,318; eleven months, \$120,986,188. Decrease, month of May, \$2,973,968; eleven months, \$40,417,237.50.

PRACTICAL JUBILEE.—Several Montreal banks have celebrated the queen's jubilee by giving their clerks a liberal bonus on their regular salaries.

MERCHANTS' BANK OF MONTREAL.—The annual statement of the Merchants' Bank was issued June 8th and compares most favorably with that of last year. The net profits, after deducting appropriations for bad and doubtful debts, amounted to \$623,966.99, over ten per cent. on the capital, and an increase of \$99,212.96 over last year. This year \$200,000 has been added to the rest, as compared with \$125,000 last year, and \$21,608.23 has been carried forward to profit and loss account. The dividends paid, 7 per cent., amount to \$405,944. The total liabilities are \$19,990,087.94, of which the deposits amount to \$8,272,848.34, a falling off of \$714,083.71. The rest now amounts to \$1,700,000. Of the assets the loans and discounts amount to \$13,918,550.50, which, with other loans and discounts, make a total of \$14,356,710.20, an increase over last year of \$940,854.66. The call and short loans on bonds and stocks are \$1,089,849.65, and \$1,668,335.76 of Dominion Government bonds are held. The paid up capital is \$5,799,200. The amount of notes in circulation is \$2,888,754.

PRESIDENT IRWIN RESIGNS.—At a meeting of the Board of Directors of the American Exchange National Bank recently the resignation of D. W. Irwin as President of the bank was received, and at the earnest solicitation of Mr. Irwin was accepted. D. B. Dewey, of the Directory, was unanimously elected as Mr. Irwin's successor. Resolutions paying a high tribute to Mr. Irwin's merit and long service were adopted without a dissenting voice, as were other resolutions denying "any rumors that may have been current charging him with improperly using his connection with the bank during the late business disturbances to further his business interests, asserting that neither he nor the house with which he is associated have asked or received any accommodation that might not properly be extended to any customer of any bank." By formal vote Mr. Irwin was requested to remain in the Directory. To make good any impairment of the capital stock of the bank an assessment of 30 per cent. was ordered levied at once. A member of the Directory said after the meeting that no fault had been found with Mr. Irwin's services, nor was there any lack of confidence in him; but there was a feeling outside that his connection with the Board of Trade would perhaps impair public confidence in the bank, and because of this fact Mr. Irwin was very anxious to have some other member of the Directory take his place at the bank's head.—*N. Y. Times.*

COMPETITION IN SOUTH AMERICAN MARKETS.—The Belgian Consul-General at Chili and Peru writes as follows to the British *Trade Journal*: "The Germans are excellent commercial travelers. They have a varied knowledge, and are active, tenacious, enterprising and patriotic. It is to the merchants rather than to the manufacturers that the great progress of the German export trade is due. German banks and business houses are found everywhere, and they often take the first rank in South America. Assiduous, exact, conversant with several languages, the Germans, as the English, provide the foreigner with every facility and advantage. The Americans, amongst others, are represented at Chili and Peru by first-class agents. Some of the houses possess flourishing branch establishments at Santiago, Valparaiso, Lima and elsewhere upon the coast. In order to make known and extend the sale of agricultural machines, the Americans have organized exhibitions and public trials, which have resulted most advantageously to those engaged in the agricultural implement trade. It should not be forgotten that the merchants of Chili and Peru send their orders to the principal commission houses of Paris, Bordeaux, Liverpool, London and Hamburg. The greater number of the large importing houses have a representative of their own in these important business centers. This intermediary knows the tastes and wants of the country; he goes to buy in Germany, England, Belgium and France; he settles all business arrangements, and pays for and exports the purchases he makes." Referring to some of the principal articles of importation, the Consul says: "Hardware comes from Germany, the United States and England, as well as from France and Belgium. German manufactures of this description are defective, but cheap; the best and most substantial articles, but also the most costly, are of English make. Those from the United States are easily broken, owing to the casting in their composition. The French articles are more tasteful than the English, but not so substantial. Cooking utensils have a large sale in Chili and Peru, but those of English manufacture are preferred to all others."

PROGRESS AND PROSPERITY.—The general increase in wages of the wage-earning classes within the past half century, and more particularly within the last twenty years, in every country has been accompanied by a large general decline in the price of the chief products of labor, as measured by gold. These results are no doubt chiefly due to the increasing facilities for the exchange of products and labor throughout the world. If wages are much higher in one country than in others the workmen rapidly flow into the better market, just as do gold and wheat or any other commodity. The tendency is steadily toward an equalization of values for labor and other articles of barter the world over, and the losses which are due to the natural disadvantages under which an industry may be carried on must necessarily fall upon capital.—*Engineering and Mining Journal*.

THE LARGEST FARM IN THE WORLD.—In the southwest corner of Louisiana lies the largest producing farm in the world. It runs one hundred miles north and south, and is owned and operated by a syndicate of Northern capitalists. Their general manager gives an interesting account of this gigantic plantation, which throws the great Dalrymple farm in Dakota into the shade. "The 1,500,000 acres of our tract was purchased in 1883 from the State of Louisiana and the United States Government. At that time it was a vast grazing land for the few cattle dealers in the neighborhood. When I took possession I found over thirty thousand head of half-wild horses and cattle. My work was to divide this immense tract into convenient pastures, establishing stations or ranches every six miles. The fencing alone cost in the neighborhood of \$50,000. The land I found to be best adapted to rice, sugar, corn and cotton. All our cultivating, ditching, etc., is done by steam power. We take a tract, say half a mile wide for instance, and place an engine on each side. The engines are portable, and operate a cable attached to four plows, and under this arrangement we are able to plow thirty acres a day with only the labor of three men. Our harrowing, planting and other cultivation is done in a like manner; in fact, there is not a single draft-horse on the entire place. We have, of course, horses for the herders of cattle, of which we now have sixteen thousand head. The Southern Pacific Railroad runs for thirty six miles through our farm. We have three steamboats operating on the waters of our own estate, upon which there are three hundred miles of navigable waters. We have an ice-house, a bank, a shipyard and a rice-mill."

INCOME TAXES AS AFFECTING CAPITAL AND LABOR.—The *Journal des Economistes*, of Paris, very correctly says that "Income taxes diminish the circulation of capital and labor, and lessen the increase of wealth, the taxpayers being taxed in proportion to their exertions. Taxes on fixed capital do not interfere with the liberty or activity of the holder; on the contrary, they incite him to employ it in useful production, since he can only obtain the return of his taxes by the maximum utility of his products. That form of taxation, therefore, excites production, circulation and consumption of useful products. Capital augments in proportion to the increase of wealth, whilst the ratio of income or profit diminishes; taxes on income are based on a contractible basis, whereas taxes on fixed capital are based on an expansive basis. Finally, taxes on fixed capital offer the great advantage of being always a real tax on capital, never a personal tax."

CONVERSION OF BONDS.—The attention of the President is being drawn to the plans proposed by ex-Comptroller Knox, ex-Congressman Hewitt, Treasurer Jordan, Senator Aldrich and others for the conversion of outstanding Government bonds into others bearing lower rates of interest, and for the immediate payment of some portion of the interest worth. The discussion of the subject at the present time is presumably with a view to inducing the President to recommend such a plan to Congress. The President has expressed his interest in these and all other carefully matured schemes for obviating the difficulties of the National financial administration, and is studying these matters carefully. The discouraging feature of such a movement is the fact, made so evident last winter, of a strong disinclination upon the part of Congress to consider any proposition which may bear the interpretation of being in any respect favorable to bondholders, or in fact which may command their support. It is claimed for Mr. Knox's plan for anticipation of interest at a discount, and for the Hewitt and Jordan propositions, that they obviate such objections when carefully analyzed. The fact remains, however, that the Hewitt plan did not command strength or awaken interest in the House.

WHO GOT THE MONEY?—Speaking of the losses entailed by the collapse of the Chicago wheat corner, the *Tribune* of that city says: "It is interesting to inquire who has been the gainer where so much money has been lost. The avails of the transaction may be said to be distributed among the scalpers who were shrewd enough to operate at the right time for a break, and the men who owned the wheat at other points which has been poured in at such a tremendous rate as to break the resolution of the clique. The latter have reaped a rich harvest, and it is unfortunate for the farmer that he has not secured a larger proportion of it. Most of the wheat had been bought soon after harvest by millers or those who sold against it in this market, and for several days they realized on some half a million bushels per day an average of perhaps 10 cents per bushel more than could have been obtained for it in any other market in the West. It is consoling to know that if the whole gain has not gone where it would have done the most good, about all the loss has come out of the pockets of the speculators and their agents, the former being the men who could lose it with the least disadvantage to the rest of the community. Most of them went into the business in very much the same spirit as they would bet on a horse race or in a faro bank, and deserve as little commiseration in the event of loss as they would have shown mercy had they been fortunate enough to get the upper hand in the deal."

Sterling exchange has ranged during June at from 4.83¼ @ 4.87½ for bankers' sight, and 4.82 @ 4.86¼ for 60 days. Paris—Francs, 5.21¾ @ 5.16¾ for sight, and 5.24¾ @ 5.18¾ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.82½ @ 4.83½; bankers' sterling, sight, 4.84 @ 4.85. Cable transfers, 4.84½ @ 4.85½. Paris—Bankers', 60 days, 5.23¾ @ 5.22½; sight, 5.21¼ @ 5.20¾. Antwerp—Commercial, 60 days, 5.26¾ @ 5.25¾. Reichmarks (4)—bankers', 60 days, 94¾ @ 94¾; sight, 95¼ @ 95¼. Guilders—bankers', 60 days, 40 @ 40½; sight, 40½ @ 40¼.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	June 6.	June 13.	June 20.	June 27.
Discounts.....	5½ @ 6½	5¼ @ 6½	5¼ @ 6½	5½ @ 6½
Call Loans.....	5 @ 3	10 @ 4	7 @ 4	6 @ 5
Treasury balances, coin.....	\$ 135,024,704	\$ 135,141,272	\$ 135,130,684	\$ 134,427,979
Do. do. currency.....	\$ 15,240,353	\$ 15,413,126	\$ 15,407,864	\$ 15,631,355

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from June No., page 954.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ALA....	Birmingham....	American National Bank.	.....
	\$100,000	S. T. Barnett, <i>Pr.</i>	R. M. Mulford, <i>Cas.</i>
ARIZ..	Phoenix.....	National B'k of Arizona..	.....
	\$100,000	M. W. Kales, <i>Pr.</i>	.....
CAL....	San Jose.....	Garden City Nat'l Bank.	Hanover National Bank.
	\$100,000	C. W. Breyfogle, <i>Pr.</i>	Thos. F. Morrison, <i>Cas.</i>
" ..	Merced.....	First National Bank.....	.....
	\$200,000	C. H. Huffman, <i>Pr.</i>	Milton S. Huffman, <i>Cas.</i>
" ..	Monrovia.....	First National Bank.....	.....
	\$50,000	John F. Brossart, <i>Pr.</i>	Joseph F. Sartori, <i>Cas.</i>
COL....	Glenwood Sp'gs	Glenwood Nat'l Bank.....	.....
	\$100,000	John L. McNeil, <i>Pr.</i>	Chas. H. Toll, <i>Cas.</i>
DAK....	Neché.....	Bank of Neche.....	Fourth National Bank.
	\$12,000	H. L. Holmes, <i>Pr.</i>	James Thomson, <i>Cas.</i>
" ..	Sturgis.....	First National Bank.....	.....
	\$50,000	Donald A. McPherson, <i>Pr.</i>	J. J. Davenport, <i>Cas.</i>
FLA....	Daytona.....	Bank of Daytona.....	American Exchange Nat'l B'k.
		Fred. S. Goodrich, <i>Pr.</i>	Rob't. B. Wolseley, <i>Cas.</i>
GA....	Macon.....	Merchants' Nat'l Bank...	Chemical National Bank.
	\$100,000	Richard F. Lawton, <i>Pr.</i>	L. P. Hillyer, <i>Cas.</i>
ILL....	Chicago.....	Nor.-west B'd & T'st Co.	.....
	\$125,000	Oren B. Taft, <i>Pr.</i>	Herny A. Pearson, <i>Treas.</i>
" ..	Cairo.....	Alexander Co. Nat'l B'k.	.....
	\$100,000	Fredolin Bross, <i>Pr.</i>	Henry Wells, <i>Cas.</i>
IOWA...	Moulton.....	Moulton Bank.....	Chase National Bank.
	\$3,000	Wellington S. Skinner, <i>Pr.</i>	Wm. C. Stickney, <i>Cas.</i>
" ..	Clinton.....	Merchants' National B'k.	.....
	\$100,000	B. H. A. Henningsen, <i>Pr.</i>	R. C. Van Kuren, <i>Cas.</i>
" ..	North. English.	J. W. Erwin.	National Park Bank.
" ..	What Cheer ..	What Cheer Savings B'k.	.....
		Isaac B. Wilson, <i>Pr.</i>	Wm. C. Windett, <i>Cas.</i>
KAN....	Assaria.....	Vinson & Conkle.	.....
	\$10,000	.....	.....
" ..	Kingman.....	Citizens' National Bank..	.....
	\$50,000	Robt. W. Hodgson, <i>Pr.</i>	John M. Lee, <i>Cas.</i>
" ..	Minneapolis....	Minneapolis Nat'l B'k....	.....
	\$60,000	Joseph C. Gafford, <i>Pr.</i>	Benj. F. Bracken, <i>Cas.</i>
" ..	Atchison.....	Atchison State Bank	Merchants Exchange Nat'l Bank.
	\$30,000	Alfred D. Cain, <i>Pr.</i>	John M. Cain, <i>Cas.</i>
" ..	Atchison.....	Farmers Bank.....	Chemical National Bank.
	\$100,000	Ira P. Griswold, <i>Pr.</i>	Albert S. Hall, <i>Cas.</i>
" ..	Herington.....	Farmers & Mechanics B'k	National Park Bank.
	\$34,200	H. Wentworth, <i>Pr.</i>	F. E. Munsell, <i>Cas.</i>
" ..	Hill City.....	Solomon Valley Bank....	.....
	\$25,000	Chris. Smith, <i>Pr.</i>	A. W. Robertson, <i>Cas.</i>
" ..	Horace.....	Bank of Horace.....	United States National Bank.
	\$10,000	Eli P. Williams, <i>Pr.</i>	Wm. C. Rathburn, <i>Cas.</i>
" ..	Iuka.....	Bank of Iuka.....	Chemical National Bank.
		S. H. Mallory, <i>Pr.</i>	A. D. Mallory, <i>Cas.</i>
" ..	Kansas City....	Wyandotte Nat'l Bank..	Western National Bank.
	\$100,000	John W. Sponable, <i>Pr.</i>	C. W. Trickett, <i>Cas.</i>
" ..	Olathe.....	First National Bank.....	National Bank of Commerce.
	\$50,000	Lewis W. Breyfogel, <i>Pr.</i>	John L. Price, <i>Cas.</i>
" ..	Scott.....	Kansas State Bank.....	Chemical National Bank.
	\$20,000	Clark R. Nicholson, <i>Pr.</i>	Jacob M. McKnight, <i>Cas.</i>
" ..	Turon.....	Bank of Turon.....	Bank of North America.
	\$50,000	J. D. Larabee, <i>Pr.</i>	J. S. McCurdy, <i>Cas.</i>
" ..	Wano.....	Citizens' Bank.....	Chase National Bank.
	\$25,000	John P. Hoffman, <i>Pr.</i>	W. B. Lockwood, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
KAN. . .	Wichita.....	West Side Nat'l Bank... \$100,000 Rob't. E. Lawrence, <i>Pr.</i>	National Park Bank. John Watts, <i>Cas.</i>
" ..	Windom.....	Bank of Windom..... \$25,000 Wm. J. Bell, <i>Pr.</i>	Royal Matthews, <i>Cas.</i>
MASS. . .	Conway.....	Conway Savings Bank... John B. Packard, <i>Pr.</i>	Wm. G. Avery, <i>Treas.</i>
MICH... .	Dowagiac.....	Lee Bros. & Co.	Chase National Bank.
" ..	Detroit.....	\$30,000 Preston National Bank..	
" ..	Negaunee.....	\$600,000 Rufus W. Gillett, <i>Pr.</i>	Julius P. Gilmore, <i>Cas.</i>
" ..	Saugatuck.....	First National Bank.... Alexander Maitland, <i>Pr.</i>	Hanover National Bank. Thos. C. Yates, <i>Cas.</i>
MO.....	Springfield.....	A. B. Taylor. Central National Bank... \$100,000 J. W. Powers, <i>Pr.</i>	Ed. P. Newman, <i>Cas.</i>
" ..	St Joseph.....	Commercial Bank..... 125,000 N. P. Ogden, <i>Pr.</i>	John T. Johnson, <i>Cas.</i>
NEB....	Grand Island...	Bank of Commerce..... \$50,000 Thos. P. Lanigan, <i>Pr.</i>	Jesse M. Marsh, <i>Cas.</i>
" ..	Hastings.....	German National Bank... \$50,000 Chas. H. Dietrich, <i>Pr.</i>	Wm. H. Fuller, <i>Cas.</i>
" ..	Norfolk.....	Citizens' National Bank. \$50,000 C. A. Mast, <i>Pr.</i>	Geo. L. Iles, <i>Cas.</i>
" ..	Imperial.....	Farm. & Merchants' B'k.. \$50,000 James M. Sewell, <i>Pr.</i>	Importers & Traders Nat'l B'k O. P. Shallenberger, <i>Cas.</i>
" ..	Imperial.....	People's Bank..... \$15,000 Chas. A. Pierson, <i>Pr.</i>	United States National Bank. John R. Pierson, <i>Cas.</i>
" ..	Newport.....	Bank of Newport..... \$10,000 (Altschuler & Reppey)	Alex. Altschuler, <i>Cas.</i>
" ..	Ravenna.....	Bank of Ravenna..... \$25,000 (Shaw & Edgerton)	Chase National Bank.
" ..	Tobias.....	First National Bank..... \$50,000 Samuel F. Nunemaker, <i>Pr.</i>	John V. Ainsworth, <i>Cas.</i>
" ..	Wilsonville....	Farm. & Merchants' B'k.. \$10,000 J. W. Tomblin, <i>Pr.</i>	Chemical National Bank. W. L. Tubbs, <i>Cas.</i>
N. J....	Woodbury.....	Far. Mec. National B'k.. \$100,000 Joseph L. Reeves, <i>Pr.</i>	Henry S. Talman, <i>Cas.</i>
OHIO... .	Alliance.....	First National Bank..... \$60,000 Richard W. Teeters, <i>Pr.</i>	Western National Bank. Le Roy D. Brown, <i>Cas.</i>
" ..	Findlay.....	American National B'k.. \$100,000 Jacob F. Burket, <i>Pr.</i>	Sam. W. Miller, <i>Cas.</i>
" ..	Canton.....	Central Savings Bank.... \$51,000 Geo. W. Raff, <i>Pr.</i>	Edward S. Raff, <i>Cas.</i>
" ..	Piqua.....	Third National Bank.... \$350,000 Lewis Leonard, <i>Pr.</i>	David N. Reid, <i>Cas.</i>
OREGON	Portland.....	Oregon National Bank... \$100,000 Van B. De Lashmutt, <i>Pr.</i>	D. F. Sherman, <i>Cas.</i>
PENN... .	Philadelphia...	Chestnut St. Nat'l Bank. \$500,000 Rob't. E. Pattison, <i>Pr.</i>	Wm. Steele, <i>Cas.</i>
S. C....	Barnwell.....	Bank of Barnwell..... \$60,000 Johnson Hagood, <i>Pr.</i>	T. J. Simons, <i>Cas.</i>
TENN... .	Covington.....	Farm. & Merchants' B'k.. \$10,000 John A. Crofford, <i>Pr.</i>	John T. Garner, <i>Cas.</i>
" ..	Fayetteville...	Bank of Fayetteville.... \$50,000 A. S. Thomas, <i>Pr.</i>	Third National Bank. Chas. C. James, <i>Cas.</i>
" ..	Trenton.....	Exchange Bank..... \$25,000 J. M. Senter, <i>Pr.</i>	Hanover National Bank. J. E. Cantrel, <i>Cas.</i>
TEX... .	Mason.....	Mason County Bank..... \$20,000	Hanover National Bank. Frank W. Henderson, <i>Cas.</i>
" ..	Calvert.....	First National Bank..... \$80,000 J. S. McLendon, <i>Pr.</i>	J. A. Foster, <i>Cas.</i>
" ..	San Antonio....	Lockwood National B'k.. \$300,000 Joseph S. Lockwood, <i>Pr.</i>	Joseph Muir, Jr., <i>Cas.</i>
WIS....	Lancaster.....	Richard Meyer & Co.	Chemical National Bank.
" ..	Menasha.....	First National Bank..... \$80,000 R. C. Russell, <i>Pr.</i>	

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from June No., page 957.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY.	Leather Manufacturers' N. B.	Wm. H. Macy, Jr., <i>V. P.</i>	W. H. Macy.
ALA....	East Alabama N. B., Eufaula..	R. Cherry, <i>V. Pr.</i>	.....
CAL....	First National Bank, San Diego. {	R. A. Thomas, <i>Pr.</i>	Jacob Gruendike.
		O. S. Hubbell, <i>Cas.</i>	R. A. Thomas.
		M. F. Gilmore, <i>Ass't C.</i>	O. S. Hubbell.
" ..	First N. B., San Bernardino...	M. B. Garner, <i>V. Pr.</i>	J. A. Brenneman.
DAK....	Capital Nat'l Bank, Bismarck..	H. V. Wetherby, <i>Ass't C.</i>	H. C. Weatherby.
" ..	Merchants' N. B., Devil's Lake.	Clark W. Kelley, <i>V. Pr.</i>	.....
DEL....	Sussex National Bank, Seaford. {	E. E. Jackson, <i>Pr.</i>	.....
		Hugh Martin, <i>V. Pr.</i>	.....
ILL....	Atlanta National Bank, Atlanta. {	W. S. Dunham, <i>V. Pr.</i>	.....
		Seward H. Field, <i>Ass't C.</i>	.....
" ..	Will Co. Nat'l Bank, Joliet....	C. H. Talcott, <i>Cas.</i>	H. C. Knowlton.
" ..	Livingston Co. N. B., Pontiac.	D. C. Eylar, <i>Act'g Cas.</i>	H. G. Greenebaum*
KAN....	First National Bank, Ashland. {	J. W. Ayers, <i>V. Pr.</i>	.....
		Geo. Theis, Jr., <i>Cas.</i>	John C. Thurman.
" ..	State B. of Brookville, B'kville.	T. W. Carlin, <i>Ass't Cas.</i>	.....
" ..	Burlingame S. B., Burlingame.	C. M. Sheldon, <i>Pr.</i>	L. R. Adams.
" ..	First National Bank, Coldwater. {	H. H. Rich, <i>V. Pr.</i>	.....
		Wm. D. Weiler, <i>Ass't C.</i>	.....
" ..	First National Bank, Dodge City. {	A. T. Soule, <i>Pr.</i>	Geo. M. Hoover.
		Wm. W. Munsell, <i>V. Pr.</i>	R. J. Hardesty.
" ..	Exchange National Bank, Downs. {	G. H. Skinner, <i>Pr.</i>	W. W. Hetherington
		John Hall, <i>V. P.</i>	F. Everest.
" ..		C. J. Sargent, <i>Cas.</i>	J. B. Kroetch.
" ..		J. M. Bower, <i>Ass't C.</i>	Wm. Mellen.
" ..	N. B. of El Dorado, El Dorado..	J. W. Robison, <i>V. Pr.</i>	J. W. Robison.
" ..	Wilson Co. Bank, Fredonia....	J. D. Allen, <i>Cas.</i>	Isaac Hudson.
" ..	Hutchinson National Bank, Hutchinson. {	J. F. Greenlee, <i>Pr.</i>	W. E. Burns.
		Thos. J. Anderson, <i>V. Pr.</i>	F. R. Chrisman.
		A. J. Lusk, <i>Cas.</i>	J. F. Greenlee.
" ..	First Nat'l Bank, Kansas City..	D. R. Emmons, <i>V. Pr.</i>	.....
" ..	Wyandott N. B., Kansas City.	Frank Fulton, <i>V. Pr.</i>	.....
" ..	First National Bank, Kirwin...	H. R. Hull, <i>Ass't Cas.</i>	.....
" ..	First National Bank, Olathe...	J. B. Bruner, <i>V. Pr.</i>	.....
" ..	West Side Nat'l Bank, Wichita.	O. Martinson, <i>V. Pr.</i>	.....
KY....	Northern Bank of Kentucky, Lexington. {	W. D. Boswell, <i>Pr.</i>	Jos. Clark.
		Chas. H. Vorheis, <i>Cas.</i>	W. D. Boswell.
" ..	Farmers' N. B., Mt. Sterling...	R. A. Mitchell, <i>Pr.</i>	J. A. Hannah.
LA....	Commercial Nat'l Bank, Shreveport. {	S. B. McCutcheon, <i>Cas.</i>	R. R. Deming.
		A. L. Stringfellow, <i>A. C.</i>	.....
ME....	Kenduskeag N. B., Bangor....	Fred. W. Hill, <i>Pr.</i>	J. S. Wheelwright.
" ..	Merchants' Nat'l B'k, Bangor...	Edward H. Blake, <i>Pr.</i>	Samuel H. Blake.*
" ..	Kineo National Bank, Dover...	John F. Hughes, <i>V. Pr.</i>	.....
MASS...	New England N. B., Boston...	A. C. Kollock, <i>Ass't Cas.</i>	until Dec. 1, 1887.
" ..	National City Bank, Boston...	Geo. W. Grant, <i>Cas.</i>	Chas. C. Barry.
" ..	Chelsea Savings Bank, Chelsea.	Otis Hinman, <i>Pr.</i>	John H. Osgood.
" ..	Prescott National Bank, Lowell.	F. Blanchard, <i>Ass't Cas.</i>	.....
" ..	N. Mt. Wollaston B., Quincy	Horace F. Spear, <i>Cas.</i>	Horace B. Spear.
MICH ..	Preston Nat'l Bank, Detroit. {	Julius P. Gilmore, <i>Cas.</i>	W. A. Berrcy.
		F. W. Hayes, <i>V. Pr.</i>	.....
" ..	First Nat'l Bank, Negaunee....	J. B. Maas, <i>V. Pr.</i>	.....
" ..	State B. of St. Johns, St. Johns.	Edward Brown, <i>Cas.</i>	Alvin Shaver.
MISS...	Merchants' Bank, Greenville...	A. B. Nance, <i>Ass't Cas.</i>	A. H. Shields.
MO....	Central Bank, Kansas City....	J. W. Trueworthy, <i>Pr.</i>	D. B. McMechan.
" ..	Union Nat'l Bank, Kansas City.	H. J. Rosencrans, <i>A. C.</i>	.....
" ..	First National Bank, Milan....	E. Ash, <i>Pr.</i>	L. T. Hatfield.
" ..	Lawrence Co. B., Pierce City..	L. L. L. Allen, <i>Pr.</i>	H. Forsythe.*
" ..	Merchants' Bank, St. Joseph. {	R. E. Turner, <i>Pr.</i>	J. S. Lemon.
		W. H. Bohart, <i>Cas.</i>	Thos. W. Evans.
		T. B. Weakley, <i>Ass't Cas.</i>	.....

* Deceased.

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
MO.	Fifth Nat'l Bank, St. Louis....	Chas. P. Krieger, <i>Ass't C.</i>	.....
NEB....	Exchange Nat'l B'k, Hastings.	J. C. McNaughton, <i>A. C.</i>	J. R. McLaughlin.
"	Norfolk Nat'l Bank, Norfolk....	W. H. Buckolz, <i>Ass't C.</i>	.....
"	Nebraska National Bank, Omaha.	Lewis S. Reed, <i>V. Pr.</i>	A. E. Tonzalin.
N. H....	Claremont N. B., Claremont....	E. A. Tonzalin, <i>2d V. Pr.</i>	.....
N. J....	Union County Bank, Rahway....	John L. Farwell, Jr., <i>A. C.</i>	.....
"	Far. and Mech. N. B., Woodbury	C. A. Oliver, <i>Cas.</i>	M. W. Brett.
N. Y....	First National Bank, Aurora....	W. S. Conner, <i>V. Pr.</i>....	.....
"	N. B. of Cossackie, Cossackie....	E. W. Mosher, <i>Acting C.</i>	Allen Mosher.
"	Pulaski Nat'l Bank, Pulaski....	Albert Parker, <i>Cas.</i>	Sidney A. Dwight.
"	Watertown N. B., Watertown.	Helen A. Clark, <i>Pr.</i>	James A. Clark.
OHIO....	First National Bank, Alliance....	Geo. W. Knowlton, <i>Pr.</i>	G. W. Knowlton, Jr.
"	First National Bank, Marietta.	Richard W. Teeters, <i>V. Pr.</i>	.....
"	Equitable Nat'l B., Cincinnati.	W. W. Mills, <i>Pr.</i>	Beman Gates.
"	Union Deposit Bank, Steubenville.	Beman Gates, <i>V. Pr.</i>	M. P. Wells.
ORE....	First Nat'l Bank, Arlington....	J. R. Murdock, <i>V. Pr.</i>....	.....
PENN....	Merchants' N. B., Harrisburgh.	Wm. R. E. Elliott, <i>Pr.</i>	Wm. A. Walden.
"	Chestnut St. N. B., Phila.	D. J. Sinclair, <i>Cas.</i>	H. G. Garrett.
"	First Nat'l Bank, Greenville....	E. C. Frick, <i>V. Pr.</i>....	.....
"	People's Nat'l B'k, Pittsburgh..	R. B. Mateer, <i>V. Pr.</i>....	.....
"	S. D. Co. of Pittsburgh, P'tsb'gh.	Wm. M. Singerly, <i>V. Pr.</i>	.....
"	First Nat'l B'k, Shippensburg..	Chas. R. Wray, <i>Ass't C.</i>	.....
TENN....	Third National Bank, Chattanooga.	Capt. R. C. Gray, <i>Pr.</i>	Barclay Preston.*
"	Chattanooga Nat'l Bank, Chattanooga.	Wm. T. Howe, <i>Sec. & T.</i>	Wm. Little.
"	Chattanooga Nat'l Bank, Chattanooga.	J. E. Geesaman, <i>Cas.</i>	J. D. Geesaman.*
TEXAS..	First National Bank, Palestine.	D. E. Rees, <i>1st V. Pr.</i>....	.....
"	State National Bank, Denison..	W. H. Hart, <i>2d V. Pr.</i>....	.....
VT.	First Nat'l Bank, Springfield..	Thos. L. Cate, <i>V. Pr.</i>....	.....
WIS....	First National Bank, Merrill....	D. Cal. McMillin, <i>A. C.</i>	.....
ONT....	The Molsons Bank, London....	G. W. Burkett, <i>V. Pr.</i>....	.....
QUEBEC	E. Township's B'k, Granby....	N. S. Ernst, <i>Cas.</i>	Wilmot Saeger.
"	Banque Ville Marie, St. Jerome.	G. L. Closson, <i>Cas.</i>	B. F. Aldrick.
"		Walter A. Scott, <i>V. Pr.</i>	.....
"		M. Heaton, <i>Act'g M'g'r.</i>	Jos. Jeffery,
"		R. Gill, <i>Manager.</i>	Jeffery Hale.
"		E. N. Robinson, <i>Manager</i>	W. H. Robinson.
"		G. Laviolette, <i>Manager.</i>	Adj. La Rue.

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from June No., page 957.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3715	Garden City National Bank.... San Jose, CAL.	C. W. Breyfogle,	Thos. F. Morrison,	\$100,000
3716	Farmers & Mechanics' Nat'l B'k, Woodbury, N. J.	Joseph L. Reeves,	Henry S. Talman,	100,000
3717	First National Bank..... Negaunee, MICH.	Alexander Maitland,	Thomas C. Yates,	50,000
3718	Central National Bank..... Springfield, MO.	J. W. Powers,	Ed. P. Newman,	100,000
3719	Oregon National Bank..... Portland, ORE.	Van B. De Lashmutter,	D. F. Sherman,	100,000
3720	First National Bank..... Olathe, KAN.	Lewis W. Breyfogle,	John L. Price,	50,000
3721	First National Bank..... Alliance, O.	Richrad W. Teeters,	Le Roy D. Brown,	100,000
3722	Glenwood National Bank..... Glenwood Springs, COL.	John L. McNeil,	Chas. H. Toll,	100,000
3723	Chestnut Street National Bank... Philadelphia, PENN.	Robt. E. Pattison,	Wm. Steele,	500,000

No.	Name and Place.	President.	Cashier.	Capital
3724	First National Bank..... Menasha, WIS.	R. C. Russell,	.....	80,000
3725	First National Bank..... Tobias, NEB.	Sam'l F. Nunemaker, John V. Ainsworth,		50,000
3726	Wyandotte National Bank..... Kansas City, KAN.	John W. Sponable,	C. W. Trickett,	100,000
3727	First National Bank..... Granbury, TEXAS.	Daniel C. Cogdell, Abraham U. Thomas,		50,000
3728	National Bank of Arizona..... Phoenix, ARIZ.	M. W. Kales,	.....	100,000
3729	American National Bank..... Findlay, O.	Jacob F. Burket,	Sam W. Miller,	100,000
3730	Preston National Bank..... Detroit, MICH.	Rufus W. Gillett,	Julius P. Gilmore,	600,000
3731	Minneapolis National Bank..... Minneapolis, KAN.	Joseph C. Gafford,	Benj. F. Bracken,	60,000
3732	German National Bank..... Hastings, NEB.	Chas. H. Dietrich,	Wm. H. Fuller,	50,000
3733	First National Bank..... Merced, CAL.	C. H. Huffman,	Milton S. Huffman,	200,000
3734	American National Bank..... Birmingham, ALA.	S. T. Barnett,	R. M. Mulford,	250,000
3735	Alexander County Nat'l Bank..... Cairo, ILL.	Fredolin Bross,	Henry Wells,	100,000
3736	Merchants' National Bank..... Clinton, IOWA.	B. H. A. Henningsen,	R. C. Van Kuran,	100,000
3737	Citizens' National Bank..... Kingman, KAN.	Robt. W. Hodgson,	John M. Lee,	50,000
3738	Lockwood National Bank ... San Antonio, TEXAS.	Joseph S. Lockwood, Joseph Muir, Jr.,		300,000
3739	First National Bank..... Sturgis, DAK.	Donald A. McPherson,	J. J. Davenport,	50,000
3740	Merchants' National Bank..... Macon, GA.	R. F. Lawton,	L. P. Hillyer,	100,000
3741	Citizens' National Bank..... Norfolk, NEB.	C. A. Mast,	Geo. L. Iles,	50,000
3742	First National Bank..... Calvert, TEXAS.	J. S. McLendon,	J. A. Foster,	80,000
3743	First National Bank..... Monrovia, CAL.	John F. Brossart,	Joseph F. Sartori,	50,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from June No., page 954.)

FLA.... Palatka..... Palatka Nat'l Bank is insolvent and in the hands of a receiver.
 GA.... Macon..... R. F. Lawton; succeeded by Merchants' National Bank.
 ILL.... Atlanta..... Atlanta Bank; succeeded by Atlanta National Bank.
 KAN.... Ashland..... Clark County Bank; now First Nat'l Bank; same officers.
 " .. Brookville..... B'k of Brookville; now State B'k of Brookville; same officers.
 " .. Windom..... Windom Bank (C. M. Case); succeeded by Bank of Windom.
 MICH... Pewamo..... Webber & Trask; now Webber & Ruel.
 OHIO... Cincinnati..... Fidelity National Bank; in the hands of a receiver.
 VA..... Harrisonburg.. Rockingham Bank has gone into voluntary liquidation.
 WIS.... Lancaster..... Geo. W. Ryland & Co; succeeded by Richard Meyer & Co.
 QUEBEC Farnham..... Eastern Townships Bank (Branch) has closed.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JUNE, 1887.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in May.				RAILROAD STOCKS.				MISCELLANEOUS.																															
GOVERNMENTS.	Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	Col. Coal & Iron.....	Col. H. Valley & Tol.....	Del. & Hudson.....	Del., Lack. & W.....	Den. & Rio Grande.....	East Tenn. V. & G.....	Fort Worth & Den.....	Houston & Texas C.....	Illinois Central.....	Indiana, Bloom. & Western.....	Lake Erie & Western.....	Lake Shore.....	Long Island.....	Louisville & Nashville.....	Manhattan Consol.....	Memphis & Charleston.....	Michigan Central.....	Mil., L. S. & W.....	Minn. & St. Louis.....	Mo., Kan. & Texas.....	Missouri Pacific.....	Morris & Essex.....	Nashville, Chat. & St. L.....	N. Y. C. & Hudson.....	N. Y. C. & St. L.....	N. Y. Lack. & W.....	N. Y. L. E. & W.....	N. Y. & New Eng.....	N. Y. Ont. & W.....	N. Y. Sus. & W.....	Do.....			
4½, 1891.... reg.	Mar.	100½	100½	100½	100½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4½, 1891.... coup.	Jan.	100½	100½	100½	100½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4½, 1891.... reg.	Feb.	100½	100½	100½	100½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4½ option U.S. reg.	Jan.	100½	100½	100½	100½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6½, cur'cy, 1895, reg.	Jan.	100½	100½	100½	100½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6½, cur'cy, 1896, reg.	Jan.	100½	100½	100½	100½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6½, cur'cy, 1897, reg.	Jan.	100½	100½	100½	100½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6½, cur'cy, 1898, reg.	Jan.	100½	100½	100½	100½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6½, cur'cy, 1899, reg.	July.	100½	100½	100½	100½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6½, cur'cy, 1899, reg.	July.	100½	100½	100½	100½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Atlantic & Pacific.....		14½	15½	13	14	Col. Coal & Iron.....	Col. H. Valley & Tol.....	Del. & Hudson.....	Del., Lack. & W.....	Den. & Rio Grande.....	East Tenn. V. & G.....	Fort Worth & Den.....	Houston & Texas C.....	Illinois Central.....	Indiana, Bloom. & Western.....	Lake Erie & Western.....	Lake Shore.....	Long Island.....	Louisville & Nashville.....	Manhattan Consol.....	Memphis & Charleston.....	Michigan Central.....	Mil., L. S. & W.....	Minn. & St. Louis.....	Mo., Kan. & Texas.....	Missouri Pacific.....	Morris & Essex.....	Nashville, Chat. & St. L.....	N. Y. C. & Hudson.....	N. Y. C. & St. L.....	N. Y. Lack. & W.....	N. Y. L. E. & W.....	N. Y. & New Eng.....	N. Y. Ont. & W.....	N. Y. Sus. & W.....	Do.....			
Buff., R. & Pitts.....		69½	70	68	69½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Canadian Pacific.....		63½	63½	59	60½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Canada Southern.....		83½	84½	73½	80	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Central of N. J.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Central Pacific.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Ches. & Ohio.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Do.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Do.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Chic. & Alton.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Chic., B. & O.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Chic. M. & St. P.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Chic. Do.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Chic. & N. W.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Chic. Do.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Chic. R. I. & P.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Chic. St. L. & P.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Chic. St. P., M. & O.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Chic. Do.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
C. C. & I.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Cleve. & Pitts.....		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of June will be known from the rest of the months of 1887 as the month of panics and failures. Not general panic, however, such as results from an unsound and overdone condition of legitimate business, but speculative panics confined to the markets in which speculation has been carried to an unsafe point or beyond the ability of the speculators to control them. This latter is true of the majority of the cases under review. But the former as well as the latter was the fact in the case of the panic in coffee, while that in wheat and in stocks was due to the inability of the cliques manipulating them to hold them to the point at which they had forced prices. In coffee this was due in part to the inability or refusal of the foreign end of the syndicate that had bulled the market in three hemispheres from 8 to over 20 cents per pound to margin up their purchases. Yet the losses and failures following, fell upon the American end of this syndicate. While the wheat clique was composed entirely of American speculators, and the losses fell entirely here, Europe reaped the chief benefit of the losses sustained here by the clique and the trade. In stocks, foreign holders suffered with Americans, but the former came in as buyers on the decline and averaged down the cost of their holdings, while the tightness of the money market here had been manipulated by the bears until our speculators were generally crippled and unable to do much more than take care of the load they already carried, without increasing it. The latter market was the only one in which the stringency and high rates of money in the open market, caused or helped cause the trouble, although inability of the special cliques who were controlling coffee and wheat, to raise more money, was what caused the collapse of both. Yet the stock panic was the only one that has caused no failures so far.

The coffee speculation was the first to meet its fate, as it was the most rampant and inflated. It began in 1886 and has often been alluded to in this review as based upon two successive short crops in Brazil and comparatively low stocks in second if not in first hands, both in Europe and the United States. The syndicate was first composed of foreign speculators in London and Havre, which two markets were manipulated first by them, and then the New York market was taken in hand by them through the house of Gruner & Co., in this city, who bulled it very successfully from 8 cents per pound up to 16 cents, or until its value had doubled, when they unloaded for the foreign syndicate, who had meantime bulled the Rio de Janeiro market until the operators there, who were originally bears, as they were in New York, because it had been the popular as well as profitable side for several years, had covered their shorts and gone long, having been converted to bulls after severe losses on the 100 per cent. advance. Having thus unloaded on the original bears, the original bulls themselves turned bears, after they had filled up the trade with good stocks as well as the specu-

lators, and forced prices to a point that checked consumption as well as stimulated free adulteration again. Fortified with the big profits made in their bull campaign, they were able to bring the money power in this market to the short side, while they sold heavily on the advance that followed their selling out, from 16 to 22 cents, on which the market became more "boomy" in character than it had been on the first half or legitimate part of the advance from 8 cents up. But the foreign bear syndicate stood by their guns, led by Gruner & Co., in New York, as they had on the other side, and sold the converted American and Rio bulls, who were both operating in this market, all they wanted on every advance, until they began to stagger under the top heavy load, and a halt in the buying movement followed, which enabled the bears to sell the market off until the weaker bulls were compelled to unload, and caused the more conservative ones to take what profits they had left. This threw the whole load upon the big bulls and caused the formation of another clique of New York and Rio bulls, headed by B. G. Arnold & Co., in this city, who undertook to stem the ebb tide of the speculation, which had become simply wild. For a time they were able to dam it, but were unable to turn the current up hill until at last their dam weakened and the New York end was unable to get more money from the Rio end of the clique, while they had exhausted their own resources. Then came the collapse and the wildest kind of a panic with prices breaking 100 points in as many minutes, followed by continued and rapid drops in prices, until the head of the New York syndicate, B. G. Arnold & Co., was compelled to go under, dragging half a dozen other New York firms with them. This reversed the situation for a time again, as it left the foreign bear syndicate led by Gruner still long of the market instead of short as they had sold to bears whose contracts were no longer good and their profits on the short side were gone except so far as they had been secured by margins before the break. Hence the bears were compelled to come to the support of the market to save further failures and losses to themselves and bull the market until they could get margins upon the balance of their short sales, with houses that had not failed. After this was done their support was withdrawn, and a second panic seized this market, carrying it down 200 points in one hour. But no failures followed this second collapse, as it had been feared and prepared for both by dealers and the banks, the weak or overloaded houses having gone down in the first crash.

The banks, however, had been caught pretty badly on the first break, for which they did not appear to be looking until it was too late, and the clique were unable to take up or secure their loans. But none of them were said to have been hurt, although, as shown in another article in this issue, on the Wheat Deal, the bank examiners have been busy looking after the wheat and coffee banks since the collapse of the Fidelity Bank, of Cincinnati, and it is understood that some of the banks' stockholders in this city as well as in Chicago, have been compelled to make losses good which had been sustained in these speculations.

The losses sustained by the coffee deal cannot be estimated with any certainty, as they are divided between New York and Rio de Janeiro operators and the banks and trade here, in a way that makes such calculation mere guess work. But, as in the wheat collapse, Europe makes the bulk of what

has been lost here, as she pocketed the bulk of the profits on the first half of the advance in both staples, foreign speculators having started the upward movement in both, as against American bears, who could see no bottom to anything nor any end of depression, as they could see no top to the bull speculation in 1882, until Europe had taken millions out of this country on the bear side, for three years following the collapse of McGeoch and the bull speculation in this country in that year.

The market has now apparently halted near a 16 cent basis, where the old Havre-London syndicate first sold out, and at which there seems to be some buying again for long account here, but whether for foreign or local operators is not apparent. It is generally admitted, however, that the trouble resulting from the panic in this trade is likely to have been discounted, although its effects in a dull, dragging, narrow market and trade for some time are the almost invariable consequences of such severe losses of capital and confidence in values and in the trade itself.

The second panic of the month of June was in wheat, and occurred about the middle of the month. This will be found fully explained in a special article, and, hence, is omitted here.

The stock market was the last victim of this apparent tendency to reaction in bull speculation. But the "short, sharp shock" was of less duration though severe, with less fatal results than in either coffee or wheat, although the fear and unsettling of confidence caused by it was perhaps greater, from the fact that it occurred in Wall street, and that the money market was effected thereby, although it proves to have been rather cause than effect, and the result of bear manipulation to enable the bear clique in stocks to raid the market more successfully. The fact is, however, whatever the cause may be, that the fear of a money stringency has been greater because of the short panic in stocks than was caused by both the coffee and wheat panics, although the banks were more severely hurt by each than by the drop in stocks. The explanation of this is no doubt found in the fact that the two first panics prepared the way for this fear of money troubles by the failures in these trades and the heavy losses of banks connected therewith, which the last shaking up in Wall street has developed and intensified. The reason why the banks have lost so lightly on the drop in stocks, is said to be that they had less money loaned on stocks than usual and more on staples of commerce, because the latter had been regarded as comparatively cheap as a whole, and hence, safer than stocks, which have been regarded by banks as relatively higher than our great staples of production. This is no doubt true as to the banks, as it is in fact, except where speculation has come in to upset the basis of values upon legitimate supply and demand. Commercial values generally have been legitimate and safe, and are mostly so now, with trade in a healthy condition on a good export basis. This is true of wheat now, and probably more so than of most other staples, as it is now relatively lower than most others, while export demand has been largely stimulated by the break of 25 cents in Chicago and of half as much at the seaboard.

Indeed, had there not been a clique in wheat, it is doubtful if it would not have sold fully as high as on clique manipulation, while it is certain it would not have sold as low as on the clique's collapse, because Europe was taking at the clique price as much as we will have to spare before another

crop. The situation of wheat is therefore healthy, but wheat speculators who were crippled by the panic, are unhealthy, yet convalescent.

The stock and money markets are, however, in a mixed condition, dependent in a measure upon the commercial markets and their future course, and that of our exports, until another crop. As to the former, the Inter-State Commission's late decision on the permanent suspension of the long haul clause on roads competing with water routes, has removed the fear of the law working harm to the roads, because its three months' operations on roads which have been affected by its operations favorably in all other respects, show that it is a benefit rather than evil to the roads, as they have had both a larger tonnage, as a rule, and better rates than a year ago. Yet in face of this came the panic in stocks. But the cause of the latter was not the former.

Stocks had been held by pools and cliqued up so long that they were not influenced by natural causes, since there is and has been no public in the stock market for some months of any importance. Yet there were signs of their coming in on this decision of the Commission, fear of whose action had kept investors out of stocks. But the bear operators, who are believed to be big bulls at heart, saw a chance to raid the market on the shaking of confidence in the banks by the wheat and coffee failures, and they manipulated the money market to break stocks to a lower and safer level from which to start a bull movement later in the summer, should crop prospects turn out as good as they now promise.

This is believed to be the true inwardness of this panic in stocks, like that of last December, and hence it is likely to pass away as did that, with no general loss or disaster, except to those operators hurt thereby. In this view some regard it as healthy rather than an unhealthy sign of the times, and look for a better market for stocks should the crop prospects hold out the promise of as good business for the railroads as this year.

The money market is the doubtful spot, and if that works right there is not much more danger from Wall street, and the stock market may be regarded as in a comparatively safe position if money is. The bank statement was expected to be bad on the Saturday following the panic, which was led by Gould's and Field and Sage Manhattan, but it was better than expected, and as they were the biggest lenders of money on stocks, and as all the bear points came from them and their brokers, and the false rumors which started the break concerned them, while their stocks led the break, it is believed on Wall street that they engineered the break to shake out their followers to whom they had been giving points to buy their stocks for a month. The bank reserve above 25 per cent. is only about 3 to 4 million of dollars it is true, but the Government's policy will be to relieve the market, while exports are likely to increase rather than to decrease, and it is not clear from what source there will be any great drain on the banks for money until the moving of next crops in the late summer and fall. Indeed, the amount of money locked up in wheat will be much lessened, and so soon as the Chicago banks get their money out of the clique wheat in which they had some 10 to 13 millions tied up in Chicago, it will be quite possible that the money that went West last spring, and has staid there since, will begin to return to New York before the end of July.

Hence it does not appear upon investigation that either commercial or

financial matters and markets are in such a bad way as the failures and panics in both, for June might lead one to suppose; they were simply thunder-storms in a few dry localities where the overheated atmosphere had become supercharged with speculative electricity, which confined to the storm centers in New York and Chicago, and did not extend to the general business of the country, which is growing in the sunshine of a legitimate business revival wherever the curse of speculation and consequent overproduction and underconsumption, the twin sisters of ruin, has been kept out of the markets for both raw material and manufactured goods.

Foreign exchange has been depressed by these troubles, and a close money market, as well as by the more free offerings of commercial bills against exports of wheat, while the demand for sterling by importers has been lighter in consequence of this unsettled condition of affairs. This is seen in the imports of \$500,000 gold shipped from London the last week in this month.

The bond market early in the month was affected somewhat by the disposition of investors to sell their high-priced bonds, yielding only 4 per cent. interest, and to replace them by less secure but higher interest paying issues. But after the upheavals of the middle and latter part of June the old conservative feeling is gaining of making the principal secure, even if the interest is low. This is one result of the thunder-storm in Wall street, and indicates the wholesome check it has been to speculation, which was getting ready to break out in junior bonds, and was sure to have been followed by good paying stocks and finally by non-dividend payers and "fancies."

The same tendency to take hold of staples of commerce that had not advanced, and buy them because they had not, regardless of their inherent values, on the belief that they had gone too low on the depression with the speculative favorites under the raids of the bears, has also been checked, and will tend to keep speculation within bounds, through the summer months at least. Before these panics the question was, What next will advance? and everybody aspired to be the prophet who should discover the answer and profit by the prophecy.

Immediately after the panic in wheat, the late bears, who had recovered their courage again after severe punishment by the cliques in coffee and wheat, asked what next? "We have had a panic in coffee, now we have one in wheat—what next?" they said. "Stocks," was their answer, and the fulfillment has made them bold in their bear belief again, and now some of them prophesy "Cotton next." But while this may follow on the lack of confidence and realizations of bulls as well as raids of bears, it is well to remember that this staple has had no such advance as coffee, nor such speculative manipulation or activity as wheat, and hence conditions are not alike, although exports have been smaller, comparatively, than of wheat. This check to speculation on the bull, and the stimulus to that on the bear side, caused by these panics, may carry this staple back further, as it has provisions, on the liquidation of wheat, and as it may on stocks that did not tumble badly with Manhattan and the other Gould stocks. But this very fact will insure, sooner or later, a reaction upwards from this depression, should the present speculative temper last any length of time, because it will create oversold markets after a while, as they were lately

overbought, and instead of a further bull liquidation, after the present troubles have ended, there is more likely to be a sharp recovery, and another bear stampede, such as we saw before the culmination of the late bull campaign. This reaction will come in the ordinary experience of speculation, but whether it will be equal to the late break or be permanent, depends upon conditions that are not sufficiently developed as yet to indicate the permanent tendency of prices. Should crops be good, however, and other things in normal position, there is no reason to look for a culmination of the late recovery yet, but rather another prosperous year. Tight money or bad crops would have the opposite tendency. Therefore the safe way for the next few months is to attend to what legitimate business there is, and wait, like Micawber, for something speculative to turn up, and meantime trim sails to a stiff breeze, if it comes, in the money market, and keep near shore in case of bad crops, which would create bull speculation on the crops affected, while they would depress all other industries by increasing the cost of living and of production, while decreasing the country's purchasing power, and diminishing consumption, and would also reduce our railroad earnings and dividends, decrease our exports, aggravate the tightness of money by the fear of gold exports on a balance of trade less in our favor than now, which is less favorable than a year ago.

This seems to be the whole situation, and it simply requires caution and patience to come out of it all right. Trade is not what had been hoped for in any branch at the East, although good at the West. Production has been increased upon this unrealized hope of a boom in general business faster than the result shows consumption to have followed. This set-back in speculation will warn those in legitimate business to keep close to demand, and not anticipate it, nor decrease it by advancing prices while there is still the power left to do so. Let the defunct cliques be a warning, and let the fate of the clique banks be also a warning to other banks to keep clear from speculation and speculators, and strengthen their position for any emergency, which is the surest way to avert it.

As to the other markets, there has been little change or activity in any but those affected by the panics, as they have overshadowed all others, and absorbed speculative interest. This has left others, for the most part, to take care of themselves, which they have been able to do, and hence are presumably on their merits, unless it may be cotton, which did sympathize in a measure with the bull feeling in coffee and wheat, the trade in all of which are so closely allied. Otherwise there is nothing worthy of special mention or of particular interest.

Since the above was written the stock market has become more settled as the screws have been taken off the money market, and the Gould-Sage-Field scoop has been played, with Field as the alleged victim of his own scheme, as Gould used his own alleged death to break the market.

June wheat in New York also took a 13 cent jump up in one day on the last of the month, this being the only bull deal that was successfully carried through in June.

The reports of the New York Clearing-house returns compare as follows :

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
June 4..	\$363,231,700	\$72,499,900	\$24,654,600	\$371,307,100	\$8,260,700	\$4,327,725
" 11..	365,105,200	72,171,900	24,989,600	370,965,800	8,267,000	4,420,050
" 18..	366,373,800	73,013,000	24,690,400	372,347,100	8,247,300	4,616,625
" 25..	363,484,400	72,530,700	23,103,800	369,154,400	8,294,100	3,345,900
July 2..	363,553,200	73,288,200	22,133,200	367,081,300	8,309,000	3,651,075

The Boston bank statement is as follows :

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
June 4.....	\$144,219,600	\$10,648,500	\$2,289,600	\$113,344,900	\$10,023,500
" 11.....	144,952,600	10,367,500	2,647,400	113,633,900	10,029,400
" 18.....	145,324,700	10,057,200	2,786,800	112,192,300	10,080,500
" 25.....	143,214,800	9,708,200	2,807,900	108,865,800	10,238,300

The Clearing-house exhibit of the Philadelphia banks is as annexed :

1887.	Loans.	Reserves.	Deposits.	Circulation.
June 4.....	\$89,469,000	\$24,997,900	\$90,232,900	\$3,434,250
" 11.....	89,218,800	24,547,400	88,370,000	3,426,250
" 18.....	88,941,200	24,967,500	89,324,800	3,441,050
" 25.....	88,642,300	25,027,100	88,360,600	3,439,630

DEATHS.

BISHOP.—On May 13, aged eighty-seven years, WILLIAM BISHOP, President of Burlington Savings Institution, Burlington, N. J.

BRAYTON.—On May 2, aged seventy years, E. S. BRAYTON, President of Second National Bank, Utica, N. Y.

FULLER.—On June 9, aged seventy-six years, HENRY FULLER, JR., President of Chicopee National Bank, Springfield, Mass.

GEESAMAN.—On May 23, aged sixty-eight years, J. D. GEESAMAN, Cashier of First National Bank, Shippensburg, Pa.

HUSTED.—On June 13, aged seventy-seven years, SEYMOUR L. HUSTED, President of Dime Savings Bank, Brooklyn, N. Y.

OLYPHANT.—On June 12, aged seventy-one years, David Olyphant, Treasurer of Bank for Savings, N. Y. City, N. Y.

PRESTON.—On May 21, aged seventy-two years, BARCLAY PRESTON, President of People's National Bank, Pitsburgh, Pa.

THOMPSON.—On June 4, aged thirty-two years, GEORGE D. THOMPSON, Cashier of First National Bank, Harper, and Director of First National Bank, Anthony, Kansas.

WOODARD.—On June 13, aged sixty-four years, DANIEL WOODARD, President of National Bank of Granville, Granville, N. Y.

ARNOLD.—On June 26, aged eighty-six years, DANIEL HINCKLEY ARNOLD, formerly President of Mercantile National Bank, N. Y. City, N. Y.

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BANK DIRECTING.

The bank developments in connection with the recent wheat speculations have raised the old inquiry once more: "What were the directors about while these things were going on?" The Fidelity Bank failure was an aggravated one in many regards. The president was a worthy man who had the confidence of the community, but who had no knowledge of the real affairs of the bank, while the vice president, a daring and greedy money-getter, was the real manager, having his own way in all of its affairs. Now that the end has come, and his crooked ways of doing business are clearly known, the wonder is why was he permitted to go on so long doing those things which experience has again and again condemned? How could he have done them for so long a period without the knowledge of the president and directors; and if they did know, what were they thinking in permitting him to continue in his reckless way of attracting and loaning his deposits.

It will be readily admitted that a successful bank must be essentially a one-man affair. There can be no divided management. One man must direct its policy and reap the glory of its success and bear the condemnation following its failure. This is the history of all business enterprises. A board of directors who should constantly interfere with the policy of their president, however well meant might be their interference, would certainly prevent that co-operation and united action essential to success. If perchance a bank should have a president whose policy was constantly opposed by his board then either he or they evidently

should be changed. It is possible for a bank to have an efficient president, and an old foggy board of directors; but this is rarely the case. A board who selected a live, energetic head, would quite likely be made of the same stuff, and approve his policy. But if there should be constant variance, this would be proof that a change of head or of board were needed.

Admitting, then, that a bank must have a real head, one man to whom its affairs are confided, it by no means follows that a board of directors have nothing to do. Perhaps they have not much in the way of advice. Very likely the president's judgment concerning its business would be worth more than the judgment of all the others. He has a more intimate knowledge, or ought to have, than any director. Most of these are busy men, whose larger and more immediate interests are in other directions. Their knowledge of the business of the bank is only fragmentary. They make no pretense to a full knowledge of it. They may have a piece of useful information concerning the credit of a borrower of money, or they may take time and interest enough in their bank to make inquiries and thus render valuable assistance; but this is not to be generally expected. All the general business of a bank must be transacted by its manager, whether president, vice-president, cashier or other manager, and not much can be expected of directors in these regards.

But there is one thing directors can do—they know well enough what is the ordinary business of their bank, and when they know that their president is doing things which are irregular, it is their duty to interfere. They know well enough that it is not the thing to loan the bank's money for speculative purposes, and especially to their president, to be used in that manner. And when they have a president who is addicted to speculation they have good reason to be afraid of him, and they never make a mistake in watching him. The directors of the Fidelity Bank knew that they had one of these daring, venturesome men as vice-president, who had a firm grip on the institution. If he had great money-making powers, they were also of a very questionable character. They had constant reason to fear Harper's doings. Yet they seem to have given no thought to his policy, and he went on his wild way, outbidding other banks for deposits and lending the bank's money for speculative enterprises. All this they knew, and also knew to be wrong. If they have any excuse we have not heard what it is.

The old question is again asked, Why is a manager permitted to do these wrong things in the clear light of the directors? Why do they not object? Well, occasionally a director does rebel. He interposes his objections, and failing to be heard, resigns. But too often the unwillingness to make others uncomfortable is so great that directors will permit a president to go on doing things which

their own judgment condemns. It is not a pleasant thing for a man to oppose others with whom he has long been acquainted, who are old neighbors and friends. This is true everywhere. So directors get in the way of overlooking much, hoping that the policy of the bank will be changed, and that it will return to more conservative ways. This is doubtless the explanation in many cases. Directors do not wish to interfere because they do not wish to make things unpleasant. We need not add, what they would themselves admit, that they ought to be bolder, and inquire, criticise and object whenever there is good reason to think that a president is departing from the ordinary business of the bank.

The question that we have more in mind to consider here is, What should a bank do in the way of exposing the wrong practices of another bank? It seems, if we are to believe the best information we can obtain of the recent occurrences, that some of the properly managed banks were moved to put the government officers on the track of inquiry concerning other banks which they believed were engaged in illegitimate banking. It may be that the government officials get more information about banks from others than the outside world knows anything about. We do not profess to know what the truth may be; the question concerns the propriety of such information. There are those who condemn the practice, who in truth condemn all public examinations and investigations whatever. They like the word inquisitorial, and say that the government should not perform the office of inquisitor. But there is another side to the matter. Apart from the distinct understanding that such investigations are to be made, that the right is a specific and not an incidental one, it ought to be borne in mind that all the banks are concerned in sustaining each other, and that an injury to one rests on others. Every bank that fails through mismanagement weakens the surrounding ones. We know of a bank in a city in Pennsylvania that offered six per cent. interest on deposits. This rate was fatal to the farmers in that region, and forthwith they hastened to deposit in that institution. It hardly need be added that the bank lived only a few years, and that the failure was a very serious one. But the effects of the failure did not stop with that bank and its depositors. It affected all the banks in that city unfavorably. The farmers withdrew their confidence from all, and though this failure happened ten years ago, the farmers throughout that region have not recovered from the shock and are unwilling to make deposits in other banks. It is true, therefore, that every bank has a real interest in the management of every other. All irregular risks have an influence beyond the institution engaged in them. If a bank fails and its president is proved to have been a great speculator, people at once ask, Do the presidents of other banks speculate? The shock extends to the depositors and stockholders

of other banks. These considerations will suffice to show how large an interest every bank has in other ones. The clearing house is a very admirable arrangement for instituting checks and safeguards and for maintaining a conservative policy among them, and its usefulness in this respect should be extended as far as possible. Of course it may be suspected that information given to a government official concerning the delinquencies of a bank is given from a questionable motive—from jealousy, or desire to check the prosperity of a competitor; but, as we have seen, every bank is concerned in the management of every other, and when it is known that a bank is paying unusual rates of interest or making unusual loans, such conduct may very properly lead to inquiry.

Lastly, stockholders and depositors cannot escape by putting their own neglect and ignorance on others. If a bank offers unusual inducements to get deposits a depositor ought to look into the reasons for the offer before putting his money in such a concern. He ought to realize that every bank is desirous of making money and is willing to make as favorable terms as its competitors. In the illustration above given the depositors ought to have known that the six per cent. interest offered to them, double the amount offered by other banks, was a most questionable thing. They would have learned on inquiry that the bank could not have afforded such a rate; for to make anything on such deposits, it was necessary to lend them at a higher rate, and that meant to risky borrowers. In the case of the Fidelity it was well known that the bank was out-bidding others for deposits, and this fact alone should have led all to hesitate before entrusting their money to it. The collapse was the thing to be expected from their unusual and questionable ways of doing business. The lesson is, beware of every bank that looks, likewise.



A CURIOUS FORGERY CASE.

Notwithstanding the numerous means to prevent the perpetration of forgeries, they have not come to an end; indeed, Harvey's exploits are to be ranked among the most skillful, elaborate and successful that have ever been practiced. His performances were quite out of the ordinary course, and for that reason are worth perhaps more than the passing mention made of these matters. In most of the cases of this kind only one or two names are forged, but as the *New York Times* says, which has well described Harvey's career, at great risk of speedy detection he forged half a dozen names, and so well, too, as to secure appropriations from Congress to pay the claims which he had invented, applied for, sustained by forged testimony, and audited.

Harvey was made chief of the horse claims division in the Auditor's office in 1885. There was a peculiar propriety in practicing his vile art on claims of this sort. Notwithstanding the acknowledged nobility of the animal, he has long been the singular subject of deception and fraud. Harvey was bright, attentive, systematic, and rapid in the dispatch of business. Soon after Mr. Maynard left the office of Second Controller and went into the office of Assistant Secretary a vacancy occurred in the Second Controller's office. In looking around for a man to put into the place, Mr. Harvey was singled out as the person to choose. He was transferred, and Mr. Brown, of Indiana, was picked out by Third Auditor Williams to take Harvey's place. Mr. Brown soon made a discovery fatal to Harvey. In looking over the papers in the office he came across one on which a sum had been recovered for the loss of a horse. He noticed by the merest accident that while the body of the affidavit gave the name of the applicant as Lamont, the signature was that of Lambert. Assuming that the claimant knew his own name better than the man who made out the application, but desiring to learn which was right, he sent to the War Department for the records of Lamont and Lambert, giving the name of the Pennsylvania regiment to which the man belonged. It turned out that there was no man named Lambert in the regiment, but there was a Lamont, and further examination showing that the claim had been paid to Lamont, instead of Lambert, excited suspicion.

It did not take long to unfold an elaborate and ingenious system of forgery. Harvey had plainly become possessed of the history of many Pennsylvania soldiers. With this beginning he had on forms printed for himself, in imitation of those used and printed by the Government, made out the application in a feigned hand. To

the affidavit accompanying this application he forged or fabricated the signature of the applicant. To comply with the law, he also fabricated two more signatures of persons identifying the applicant, and completed the affidavit by attaching the attestation and signature, together with the seal of a Notary Public. The applications were all sent in by W. W. Wynne, an attorney, Wynne being a creature of Harvey's imagination. He provided himself with receipt stamps showing the reception of the claim at the Quartermaster-General's Office. In addition to this, he furnished the stamps to show the claim had been received by the Third Auditor from the Quartermaster-General, and another stamp to record reference to his own division. But the work of falsifying was far from complete at this stage. Having the history of each false claim in his possession he pretended to call upon the Second Auditor for the record of the applicant, and forged the signature of that officer to the certificate of the record which Harvey himself supplied. With forgery after forgery he perfected the papers, which were all in such apparently complete form that they were signed by the Third Auditor and the Second Controller, and upon them, the forty-ninth Congress, at its first session, appropriated about \$9,000 to meet the claims allowed.

It still remained for Harvey to get the money. His genius compassed that difficulty easily enough. The check for each claimant was made out to the order of such person. Harvey not only fabricated the indorsement of the claimant, but, to avoid the embarrassment that would be caused by the necessity of producing him, he indorsed each check himself, and deposited part of the proceeds of the checks so indorsed in one bank here and another in New York in which his wife had an account.

After his detection and arrest, a search of his desk at home resulted in the finding of a diary, in which he kept a most minute account of his doings, travels, talks with friends, indispositions, and other small matters. He kept a complete set of books for himself, yet strangely enough as it seems to the Treasury officers, they have not been able to discover what he did with the money he obtained by his crime. He was not intemperate, was always at home out of office hours, was not a gambler, and appeared to be extravagant in the purchase of decorations only and in his collection of books. His desk contained thirteen different kinds of writing ink and a good variety of pens. In a book were found directions for using certain pens and inks for signatures enumerated by numbers. To write No. 1, for instance, he had noted that he should use a red ink, a quill pen, and give the pen a low slant. Another signature was to be made with a sharp steel pen, with writing fluid, and the pen was to be held lightly with a back slant,

Harvey seems to have been quite alone in perpetrating these elaborate forgeries, although it is possible that a more complete

investigation will unearth accomplices. It certainly is one of the most curious series of forgeries that has been committed for a long time, and is sad proof that man is just as ingenious in perpetrating iniquity as ever.

FINANCIAL FACTS AND OPINIONS.

The Panama Canal.—The first act in the Panama Canal drama is near the end. The estimate for the entire cost of the enterprise has been exceeded, while less than one-third of the work has been performed. Besides, some of the worst engineering difficulties in the Panama Canal are just beginning to be encountered. The soil is in some places of a very uncertain character, and, all along, slides have been feared. Lately one of these occurred. The cost of excavating it will be large, but if undertaken there is no certainty that the same thing may not happen at any time. It seems the sheerest waste of money to spend it in doing such work. It is very like Neckar's plan to employ the people by paving the streets and then tearing them up and re-paving them in order to give them something to do. The operation put bread into the people's mouths but bankrupted the treasury, and then government and people went down together. Lesseps is finding it difficult to raise any more money for his undertaking. Great as his engineering skill is known to be, enabling him to command a vast sum of money which no other man could probably raise, his followers are losing heart and falling back. It looks as though the digging would ere long cease. Indeed, operations have been much lessened, men have been dismissed, and superintendents have retired, but this monument of folly will remain, one of the greatest, indeed, among the many of the nineteenth century.

It was thought that the Canadian Pacific Railroad would be benefited by the operation of the Inter-State Commerce Law, but the hope must fade away as it becomes more evident that this enactment will not prove a bar to the introducing and maintenance of competitive rates. Between Manitoba and Vancouver the country is poor and the traffic is insufficient to earn operating expenses. Moreover, new expenditures in the way of miles of snow sheds must be incurred, which were not thought necessary in the beginning. These, it is said, will cost \$1,000,000. With the Northern Pacific left free to compete with this new rival, its future is not promising. Earnings have fallen, and it is hardly probable that the fixed charges will be met this year.

The pension payments will be this year more than a third greater than the interest on the national debt, reaching \$76,000,000. Indeed, this is half the amount of the interest charge when it was greatest. Some idea of the immense pressure on the Treasury may be gained from the fact that 187,879 claims for pensions have been filed in the last twelve months.

Standing Armies.—Belgium, Denmark, and Norway and Sweden, with a combined population of less than a fourth, and wealth and resources less than a tenth those of the United States, keep standing armies, in the aggregate, six times as great as that of this country. Of course, those nations suppose that this expenditure must be incurred in order to preserve their existence, but government is thereby rendered a very costly affair. No wonder that emigration flows into our country when the unpleasant feature of serving in the army is considered on the one hand, and the heavy cost of maintaining it on the other.

The increased sale of anthracite coal is encouraging in many ways. In Chicago, for June, the receipts were 172,261 tons, or about 40,000 tons more than for the same month the preceding year. The use of coal is the basis of so many industries that an increased consumption of coal means a healthy action in various lines of business. This activity means a still further increase in the demand for coal, and unlimited prosperity for coal producers and carriers.

The debt reduction during June—\$16,852,725—brings the total reduction of the fiscal year 1887 to \$109,707,646, which is \$61,861,357 more than the estimate made by the Secretary of the Treasury in his annual report last winter. The revenue has been greater and the expenditure less than he supposed they would be. Debt reduction never reached the \$100,000,000 mark in any year previous to 1881 except 1867 and 1870. In the former of the two last-mentioned years it was \$133,091,335, and in the latter \$101,601,916. The debt reduction in 1881 and since then has been:

1881.....	\$100,069,405	1885.....	\$63,463,771
1882.....	145,543,811	1886.....	93,956,589
1883.....	132,879,444	1887.....	109,707,646
1884.....	104,393,626		

Earnings of Railroad Companies.—The effect of the Inter-State Commerce Law on the earnings of many of the railroad companies is very pleasing to the stockholders. But for a longer period than the operation of the law, as will be seen by the following table compiled by the *New York Indicator*, their earnings have been increasing with regularity. The table shows, first, the

total amount of stock on which the dividends are being paid, secondly, the increase in the rate of dividends per annum as compared with the rate paid in 1885, and, lastly, the increase in amount of dividends thus paid:

	<i>Capital stock.</i>	<i>Increase rate per annum.</i>	<i>Increase in amount of dividends.</i>
Boston & Maine.....	\$7,000,000	2	\$140,000
Camden and Atlantic pref.....	880,000	3	26,400
Canada Southern.....	15,000,000	2½	375,000
Central of Georgia.....	7,500,000	4	300,000
Cheshire, pref.....	2,100,000	3	63,000
Chicago & Eastern Illinois.....	3,000,000	6	180,000
Chicago, Mil. & St. Paul.....	30,900,000	2	618,000
Chicago & West Michigan.....	6,000,000	3	180,000
Cincinnati, Ham. and Dayton.....	4,000,000	2	80,000
Cin., Ind., St. Louis & Chicago.....	10,000,000	5	500,000
East Tennessee, 1st pref.....	11,000,000	4	440,000
Evansville & Terra Haute.....	3,000,000	5	150,000
Kansas City, Ft. Scott & Gulf.....	4,600,000	2½	115,000
Lake Shore.....	40,000,000	4	1,600,000
Michigan Central.....	18,000,000	4	720,000
Nash., Chat. & St. Louis.....	6,600,000	4	264,000
New York Central.....	89,000,000	2	1,780,000
New York & New Eng. pref.....	1,900,000	7	133,000
New York, Prov. & Boston.....	3,000,000	2	60,000
St. Paul & Duluth.....	4,000,000	3	120,000
Western Union.....	81,000,000	4	3,240,000
American Electric.....	3,000,000	6	180,000
Total.....	\$360,480,000		\$11,624,400

There are twenty-two companies mentioned in the above list, and the aggregate amount of stock on which increased dividends are paid is \$360,480,000, and the increased annual dividend payments aggregate \$11,624,400. That is, these companies are now paying at the rate of nearly \$1,000,000 per month more than they were in 1885.

The Sub-Treasury System.—Whenever there is any considerable surplus in the treasury, the sub-treasury system always receives strong condemnation from some quarters. The following extract from the *Boston Globe* represents the usual statements made on this subject: "The present generation recalls little or nothing about the great bank controversy which, extending over a long series of years, resulted in the establishment of the present sub-treasury system. The perpetuation of that system is now of doubtful policy. Municipal and State corporations everywhere deposit their receipts in the banks, of course, with all necessary safeguards. Their funds are thus left, as far as possible, within reach of ordinary business operations. Why should not the United States Treasury do likewise? It is not impossible to devise a perfectly safe system under which the revenue of the United States, instead of being stored in its strong vaults, shall be deposited in various banking institutions, subject to their ordinary operations, like the income of other governmental institutions. This would be well. It is an axiom in just

taxation that money taken out of the pockets of the people ought to be kept out of them as short a time as possible." There are several ways of getting this out, if it is thought best to do so. All the government has to do is buy its obligations. There are one thousand millions of them unpaid. Hence, there is no reason for condemning the sub-treasury system for its plethoric condition. The essence of this system is, the government keeps its own money instead of putting it into the custody of the banks. The reason why the change was made is well known. The government once tried the experiment, and when it wanted money the banks could not respond, and it was on the verge of bankruptcy; indeed, it was necessary to call a special session of congress to issue treasury notes to pay the regular expenses of the government at a time when they were at their very lowest. Now the first question that may be properly asked is, should a reserve of money be kept anywhere for future contingencies? The National Bank act provides that these institutions must keep twenty-five per cent. of their deposits on hand to pay any demand that may be made on them. Every bank in the world of any standing has an ample reserve for contingencies. A bank that did not keep one would be regarded as a very poor institution and quite unworthy of credit, and would not be likely to attract many depositors. All this will hardly be denied anywhere. An abundant reserve is the plain teaching of all financial experience. Well, if such a reserve is needful, why is it not just as well for the government to keep what it needs, as for the banks to keep it? A good many seem to think that by putting it into the banks, it could be used and kept, too, and those who look at the matter in this way are the ones who so strenuously object to the sub-treasury system. If it were true that the money could be used and kept at the same time by putting it into the banks, there would be some merit in the system. In fact, however, this cannot be done. If the money is put into the banks and used, then the government is not likely to get it when it wants it most. If it is put into the banks and not used, then they would hardly care to keep it, and it would be quite as well, for all concerned to keep it in the vaults of the treasury as in those of the banks. What merit, then, is there in substituting the bank vaults for the treasury vaults as a repository for this money? If the matter be looked at from another side, and the assertion be made that the government really has a much larger surplus than it ought to have, and if this excess were turned over to the banks for use by them, then it may be remarked there is nothing to prevent the banks from acting as a repository on giving proper security. The government long ago prepared regulations for constituting banks repositories for public moneys. They are, therefore, quite free to do this now if they wish; certainly they ought not to have the money without proper

security. As said before, so long as the government owes anything, the true policy, in our judgment, is to pay its bills, keeping only enough on hand to meet ordinary expenses. As the government always knows what these expenses for the year are to be, and therefore is not subject to any surprises of that kind, it can safely pay out nearly all that it has, going much nearer to the wind than a large private corporation which is subject to unforeseen contingencies in its expenditures. The government revenue may vary somewhat, but as its expenditures are fixed, there is no occasion for keeping much money in the treasury if its administrators choose to adopt a different policy.

The Treasury surplus continues to vex the souls of many. They look at the huge mountain of money in the Treasury as a constant source of danger. They say, how is it possible to avert a monetary stringency with this constant withdrawal of funds by the national government? How to prevent it is the question. One thing is certain, the government can buy bonds, and any figure paid less than the principal and total interest for the period they have to run will be a gain to the taxpayer. It is equally certain that a rate much below this will be sufficient to buy bonds enough to exhaust every dollar. A good many are coming to see that this policy is, after all, the true solution of the question. It would be much more agreeable to buy the bonds without paying a large premium for them, but as the interest must be paid if the bonds run, it is the cheaper policy. Premium only means, when properly analyzed, a portion of the interest that we must pay if the principal remains unpaid. So, then, the common-sense view evidently is to face the music and inaugurate a policy of buying government bonds without further delay. There is a large quantity of them outstanding—a thousand millions—and the government could peg away at its purchases for a long time without interfering in the least with those held by the banks as a basis of their operations.

The present wheat crop is going abroad in large quantities, and it is pleasant to think that we can do so much towards sustaining life in the old world. The attempted corner which we described fully in our last issue had the effect of delaying shipments for a time, but since the market was broken, the shipments have been very heavy, and the stock of wheat and corn in sight to-day is not much larger than it was a year ago at this time. The export demand continues large, and, in truth, it would appear as though Europe would require quite all we have to spare. The annual scare from drought and insects has been worked for all it was worth in the Northwest, but it was principally imaginary. The crop, there-

fore, is to be a large one, and we rejoice that it is so, for doubtless it will all be needed. While the wheat corner did not seem to have any permanent effect on the quantity of shipments abroad, this cannot be said of the speculative operations in cotton. The high prices for that article have led manufacturers to curtail their production, and the market thus lost will never be regained, for there will be no extra manufacturing to make up for the closing of mills and shortening of time by reason of the high price of cotton. These speculations, therefore, have been positive loss, without gain to anybody, unless it be that it will stimulate the cotton growers in other parts of the world to increase their production.

The Inter-State Commerce Commission are forging ahead slowly but safely, in interpreting the law. Three questions of importance have been decided recently. The simplest was the question raised by a New England coal firm against a railroad in that section, which insisted that the size of the business it got from another firm constituted a valid reason for giving the latter a lower rate. Nothing could be clearer than that the new law was meant to put a stop to all such practices, and to prevent the big firms from swallowing up the small ones by underhand advantages. And the Commission ruled that the railroad in question must give the two firms exactly the same rates.

The second case was that raised by the commercial travelers, who have been sold thousand-mile tickets at lower rates than such tickets would be furnished to the general public. This practice has arisen from the habit of regarding this class of travelers as operating indirectly in favor of the railroads. The more they manage to sell along the line of the road, the more freight of a high grade the road will get to carry. But the Commission rules that the law makes no provision for any such class, and that the "drummers" must pay at the same rates as any one else.

The third case was raised by the dispute between the great trunk lines and some of the Western lines in the matter of the premiums paid by the latter to the agents of the former for the sale of through tickets. To secure through passengers for their own roads in preference to their rivals in the West, many of these railroads have been offering large percentages to the agents who sell the through tickets from the Atlantic seaboard to the interior. The Pennsylvania and the New York Central roads united to put a stop to this practice, as demoralizing their agents, and giving them other interests than their proper business. They refused to sell the tickets of any Western road which would not agree to desist from the practice. The roads which did not come to terms laid a complaint before the Commission that they were not furnished with the "equal

facilities" the law requires every road to extend to every other. Their tickets had been thrown out of the Eastern offices, while those of other roads had been retained on sale. The Commission ruled that the sale of through tickets was a purely gratuitous proceeding on the part of the Eastern road, and that no refusal to sell them could be construed as a violation of the law.

These decisions go a considerable way in clarifying the law, and in rendering it useful in regulating the business of the railroads on the one hand and of leaving them with a good deal of freedom on the other, to the obvious advantage of the shipper. At the same time it should be noted that serious complaints are coming from other quarters. It is said that while some of the roads are charging rates that are strictly within the law, they are giving persons commissions for doing business, who, on the other hand, turn these over to the shippers, who divide with them; thus, in fact, granting a rebate, which was one of the worst features under the old state of things. There is no legal objection to paying commissions for getting freight, and we do not see how this practice, if true, can be changed. One leading fact, which seems to be appearing more and more clearly, is that, on the whole, the roads are regaining a good deal of their former independence and resorting to their former ways of doing business, so that the law is bearing less effectively in the way of restraining them. This is not so much an endeavor on the part of the railroad companies to violate the law as the result of a more careful study of its intent. The lawmakers evidently had two things in mind. One was to prevent unjust advantages among shippers and the other was not to interfere with or break up competition among railroads, so far as this was helpful to business interests. The thing was to make both ideas work under the law. The railroads are beginning to see how this can be done. When they succeed in doing so, the shippers will be more content than they were in the beginning.

National Statistics.—Somebody has been making a pretty good sized blunder at Washington in gathering the statistics of our trade with Mexico. The *Mexican Financier*, which is the leading financial and trade publication in Mexico, says: "We are surprised to note a journal so generally well informed as the *Globe-Democrat*, of Missouri, lamenting the decrease of the American export trade to this country. True, official statistics in the United States seem to show such a state of things, but here it is known that the volume of imports from the United States is increasing right along. For example, and to show how unreliable statistics may be, we printed recently a statement received from Washington, of American exports to this country in the month of April, and therein the value of agricultural implements sent here was put down at \$419. On investigating the

matter, we found that one house here imported during that month American agricultural implements to the value of \$2,040, via Paso del Norte, and, of course, over the Central Railway. The United States Treasury Department will have to ask congress to permit it to gather the statistics of the frontier trade. The annual export trade of the United States to this country is nearly \$20,000,000, not \$7,000,000, as the statistics misleadingly show."

This is not the first time that the official statistics have been far from the truth, but this exposure should quicken those in charge to be more accurate in the future.

WHEN CAN NATIONAL BANKS HOLD REAL ESTATE ?

The authority of National Banks to hold real estate is conferred by section 5137 of the Revised Statutes, which provides that, "A national banking association may purchase, hold, and convey real estate for the following purposes, and for no others :

" *First*—Such as shall be necessary for its immediate accommodation in the transaction of its business.

" *Second*—Such as shall be mortgaged to it in good faith by way of security for debts previously contracted.

" *Third*—Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

" *Fourth*—Such as it shall purchase at sales under judgments, decrees or mortgages held by the association, or shall purchase to secure debts due to it.

" But no such association shall hold the possession of any real estate under mortgage, or the title and possession of any real estate purchased to secure any debts due to it, for a longer period than five years."

The meaning of this section was not determined by the United States Supreme Court until 1878, in the case of the *Union National Bank v. Matthews* (98 U. S., 621). L. and M. executed their note to P. & Co., and secured the same by a deed of trust from M. of real estate. Within a month the note and deed were assigned to the bank and at maturity P. & Co. failed pay the loan. The bank directed the trustee named in the deed to sell the land, whereupon M. endeavored through proper legal proceedings to stop the sale Judge Swayne, who delivered the opinion of the court, said that section 5136 did "not in terms prohibit a loan on real estate, but the implication to that effect is clear. What is so implied is as effectual as if it were expressed. . . The object of the restrictions was obviously threefold. It was to keep the capital of the banks

flowing in the daily channels of commerce; to deter them from embarking in hazardous real estate speculations; and to prevent the accumulation of large masses of such property in their hands, to be held, as it were, in mortmain. The intent, not the letter of the statute, constitutes the law. A court of equity is always reluctant in the last degree to make a decree which will effect a forfeiture. The bank parted with its money in good faith. Its garments are unspotted. Under these circumstances, the defense of *ultra vires*," in other words, that the act was beyond the power of the bank, was not favorably regarded by the court. Judge Swayne then reviewed a similar case that had been determined by the Supreme Court of Iowa. (*First National Bank v. Haire*, 36 Iowa, 443). "The bank refused to discount a note for a firm, but agreed that one of the partners might execute a note to the other, that the payee should indorse it, that the bank should discount it, and that the maker should indemnify the indorser, by a bond and mortgage upon sufficient real estate executed for that purpose, with a stipulation that in default of due payment of the note, the bond and mortgage should inure to the benefit of the bank. The arrangement was carried out. The note was not paid. The maker and indorser failed and became bankrupts. The bank filed a bill to foreclose." In deciding the question the Supreme Court said: "Every loan or discount by a bank is made in good faith, in reliance, by way of security, upon the real or personal property of the obligors; and unless the title by mortgage or conveyance is taken to the bank or directly for its use, the case is not within the prohibition of the statute. The fact that the title or security may inure indirectly to the security and benefit of the bank will not vitiate the transaction."

Before the Supreme Court rendered this decision the courts very generally had sustained assignments of real estate to secure debts previously contracted with the banks. (*Richards v. Kountze*, 4 Neb. 200; *Wood v. People's National Bank*, 83 Pa., 57; *Worcester National Bank v. Cheeney*, 87 Ill., 602, 23 Ohio, 97; *Orn v. Merchants National Bank*, 16 Kansas, 341). And quite as generally they had declared a conveyance of real estate invalid which was made to a bank at the time of contracting the loan. (*Fowler v. Scully*, 72 Pa. 456). Said Mr. Justice Scott in *Fridley v. Bowen* (87 Ill. 151, p. 155): "Mortgages upon real estate taken by such associations to secure current loans are, therefore, without authority of law, and hence are void, and the courts will not lend their assistance to such associations to make securities available. The mortgagor, in such cases, may defend against the mortgage, but as the transaction is illegal, the law will assist neither party, but leave them where it finds them." (*Crocker v. Whitney*, 71 N. Y., 161; *Ripley v. Harris*, 3 Biss., 190; *Matthews v. Skinker*, 62 Mo., 329; *Merchants National Bank v. Mears*, 8 Biss., 158; *Spafford v. First National Bank*, 37 Iowa.)

Since the rendering of the decision by the United States Supreme Court, above mentioned, the State Courts have followed it. (*Winton v. Little*, 94 Pa., 64; *Turner v. First National Bank*, 78 Ind., 19; *Oldham v. First National Bank*, 85 N. Car., 240; *Wherry v. Hale*, 77 Mo. 20.)

Moreover, the objection to the taking of such security by a bank can be urged only by the United States government (*National Bank v. Whitney*, 103 U. S., 99; *Fortier v. New Orleans Bank*, 112 U. S., 439).

The indorsement of a promissory note by a married woman charging her "separate and personal estate for the payment" of the same "is not a mortgage in any sense. It did not have the effect of conveying any property or of giving any specific or general lien upon any property." (*Third National Bank v. Blake*, 73 N. Y., 260).

With respect to purchases at a judgment sale of real estate, the United States Supreme Court has decided that the purchase of other land by a bank not covered by its mortgage, in order to secure that debt, is valid (*Reynolds v. Crawfordsville First National Bank*, 112 U. S., 405). And Judge Devens, speaking for the Supreme Court of Massachusetts, had previously remarked: "It cannot be deemed that the only authority given to such associations is to purchase only to the exact amount of the debts which may be owing to them, but they are entitled to purchase such real estate as may be necessary in order to secure the debts due to them so long as the security of such debts is the real object of the purchase." (*Upton v. National Bank*, 120 Mass., 153 p. 156; *Mapes v. Scott*, 88 Ill., 352).

In selling the real estate of a bank, "there is no restriction," says Judge Spencer, "upon the power 'to convey.' The intent and policy of the law is manifest. It was to discourage, to prevent the accumulation of real estate in the hands of these banks. But if such was the intent, it would be strange if the power and right 'to convey,' to sell, were restricted. We would expect the largest liberty in this direction, as being in furtherance of purposes of the lawgiver. It is unreasonable to conclude that because the law gives the power to do business 'by loaning money on personal security,' and restricts the right to purchase real estate, that therefore it forbids the sale of such real estate as may have been lawfully acquired upon the usual and customary terms of the commercial world, and strikes with nullity such vendor's liens and mortgages as may be retained to secure deferred parts of the price. . . . We conclude, therefore, that there is nothing in the law preventing a national bank from selling its real estate on terms of credit and reserving a mortgage to secure the price." (*New Orleans National Bank v. Raymond*, 29 La., Ann. 355, p. 359).

THE PUBLIC DEBTS OF EUROPE.

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For some years, and very lately in particular, investments in foreign funds, in international securities, have grown to such importance, that it is not without interest to know exactly the figure of the public debt of the several countries surrounding us, how the different loans have been issued, and what their special guaranties are. This is the information we have endeavored to obtain. We have also inquired concerning the increase or decrease of these different debts since 1870, and have noted the modifications occurring since that date in the financial condition of neighboring countries.

Some account will also be found here of the distribution of the funds between inhabitants of the home and of foreign countries.

To make our figures absolutely exact, we have surrounded ourselves with official documents only; we owe these precious documents to the kindness of the Ministers of Finance and Directors-General of Statistics of foreign governments. May we be allowed here to renew the expression of our gratitude for their extreme kindness in honoring us with communications. Any interest or novelty in this work is entirely due to them.

In this study we shall follow the same order adopted in our work, appearing in the *Journal des Economistes*, and published by Guillaumin, on the "Organization of the French and Foreign Financial Markets." We shall successively publish "monographs," if we may so express ourselves, on the debts of Prussia, Germany, Austria, the kingdom of Hungary, Würtemberg, Saxony, the State of Hamburg, Bavaria, Baden, the smaller German States, the kingdom of Italy, the kingdom of Sweden, Norway, Denmark, the Netherlands, Belgium, Spain, Portugal, Great Britain, Switzerland, Servia, Roumania, Greece, Turkey, Bulgaria, Montenegro, Finland, the empire of Russia. We shall conclude by giving a general survey of the public debt of France.

In the course of this study, as well as in our general recapitulation and conclusion, we shall have occasion to call attention to the different modes of loans adopted by the different States of Europe; public emissions, adjudications, sales to bankers, participations, financial syndicates; it will be likewise interesting to study what the governments around us have done in the way of converting their funds. For the present the figures may be allowed to speak for themselves.

We will begin with the kingdom of Prussia.

* Translated from the French by O. A. Bierstadt.

I.—KINGDOM OF PRUSSIA.

On the 1st of April, 1886, the nominal capital of the public debt amounted to 3,901,920,404 marks, 48,* or in francs to 4,814 millions about.

The annual expenditures on this debt are :

For interest.....	158,476,125 marks, 96.
For amortization.....	20,055,137 marks, 85.

Total..... 178,531,262 marks,

representing in francs about 220 millions.

To these figures should be added :

1,393,913 marks for various special funds.
707,465 marks for costs of administration.

Total..... 2,101,378 marks, and 2,594,000 francs.

Without counting these special funds, the nominal capital of the public debt of Prussia amounts in capital to 4,814 millions, and in interest and costs of administration to about 220 millions.

These loans have been issued in securities at 5, 4½, 4, and 3½ per cent., and in bills with premiums and prizes.

Of the different loans there have been issued :

In 5 per cents.....	marks....	388,885.75
In 4½ per cents.....	"	546,188.750
In 4 per cents.....	"	3,220,651,060.03
In 3½ per cents.....	"	125,273,851.58
In loans with premiums.....	"	9,417,857.14

Total marks..... 3,901,920,404 marks.

All these loans have been placed in Germany; the greater part of the securities belong to inhabitants of the country. According to the law of January 17, 1820, the public debt, and, consequently, the different loans, are guaranteed by the entire fortune of the State, first of all by the domains and forests. When a loan is considered necessary, the Minister of Finance is authorized by a law and by a royal ordinance to issue, at the times he judges suitable, the securities of the loans which he has been authorized to contract.

The Great Book of the Prussian debt is of recent creation. On the 31st of March last there were 2,918 accounts for a capital of 155,553,900 marks against 641 accounts and 52,192,700 marks at the same date in 1885.

The inscriptions of securities are distributed as follows :

Amounts less than 4,000 m.....	29.1 per cent.
Amounts from 4,000 to 10,000 m.....	22.3 per cent.
Amounts from 10,000 to 50,000 m.....	33.8 per cent.

The remainder is so distributed that the average of the amounts over 50,000 is at 53,000 marks, while the corresponding average during the first six months of the keeping of the Great Book—October 1884, to March, 1885—was 81,000 marks.

This shows that the number of smaller capitalists registering their securities in the Great Book has considerably increased.

* 1 mark=100 pfennigs =1.2345 francs. 1 pfennig=fr. 0.0123.

1,904 inscriptions are in the name of individuals or business houses; 513 in the name of persons of civil condition; 499 in the name of estates without civil personification.

Among the holders 2,636 are residents in Prussia, 255 in other German States, and 27 in foreign countries.

Besides the 4 per cent. consols, by virtue of a law recently voted the $3\frac{1}{2}$ per cent. securities have been allowed to be registered since July 1.

Since 1870, the increase of the public debt has been 2,574,002,289 marks, 30 pfennigs, or 3,217,502,862 francs. It is difficult to give an exact account of the different loans issued since 1870, by reason of the amortizations which have taken place, the redemptions made with the funds of the war indemnity, and by reason also of the numerous conversions and consolidations that have been effected.

It is well to remark that the total of the State debt includes that of the railroads. Now, these railroads, belonging to the kingdom of Prussia, have caused an expenditure and represent a capital of 3,657,911,620 marks, or 4,572,393,275 francs, which really reduces the public debt properly so called of Prussia to the nominal figure of 242 millions.

The railroads of the State are very extensive in Prussia. The lines in operation amounted on the 29th of May, 1884, to 22,246 kilometers. The whole system is subdivided into seven divisions. Each is managed by a president with a salary of 10,500 marks or 13,125 francs, and twelve directors receiving annually 4,200 to 6,000 marks (5,250 to 7,500 francs). The excess of revenue over expenditure is considerable, about 100 million marks, or 125 million francs, while, as was seen above, the expenditure required by the public debt is only 220 million francs, which is nearly six times less than in France. These few figures, without developing them further, show how strong Prussia's financial condition is. The total of the general and local taxes is in Prussia three times less than in France.* We are often mistaken with regard to the character of

* Since these lines were written, the Prussian Government has offered to convert into $3\frac{1}{2}$ per cent. consols of the State the following obligations of railroads purchased by the State:

			<i>Circulation on 31st of March, 1886.</i>
4	per cent. obligations	Altona-Kiel, 1st emission.....	m. 7,290,000
4	"	" 2d ".....	9,300,000
4	"	Magdeburg-Halberstadt, of April 15, 1861.	6,324,000
4	"	Berlin-Potsdam-Magdeburg, <i>lit. E.</i>	28,380,000
4	"	" " <i>lit. F.</i>	5,919,000
4 $\frac{1}{2}$	"	" " <i>lit. D.</i>	8,795,000
4	"	Breslau-Schweidnitz-Freiburg, <i>lit. G.</i>	8,486,000
4	"	" " <i>lit. J.</i>	5,218,000
4	"	Berlin Goelitz, <i>lit. C.</i>	6,743,000
Total.....			m. 86,455,000

Holders will have their 4 per cent. until October 1, 1887. Acceptation of the conversion must be notified before October 30, 1886.

the financial difficulties of our neighbors beyond the Vosges. These difficulties proceed chiefly from a bad assessment of taxes. When Prussia sees fit to increase slightly the taxes on the principal beverages of Germany, alcohol and beer, which now pay very small imposts, she will swell her resources to enormous proportions. It is well that these facts should be known in our country, where erroneous views, having long kept up an illusion on the military strength of Prussia, continue still to keep up this same illusion upon her financial condition.

II.—EMPIRE OF GERMANY.

The interest-bearing German debt of the empire of Germany, amounted, December 31, 1885, to 426,941,000 marks, or 526,958,664.50 francs.

The payment of the interest requires, for the year 1885-1886 (from April 1, 1885, to the end of March, 1886), 16,400,000 marks or 20,145,800 francs. Nothing has thus far been amortized.

The loans were issued at 4 per cent.

The debt of the old North German Confederation, by the law of July 21, 1870, for providing means to carry on the war with France, was at the end of 1870 funded at 5 per cent. to the amount of 267,069,900 marks, and at the end of 1871, to the amount of 341,319,900 marks. This debt was to be repaid January 1, 1873, but there still remained, December 31, 1885, a sum of 23,400,000 marks to be amortized. This sum is not included in the debt of 426,941,900 marks mentioned above.

The first loan of the empire of Germany was issued in 1877. Since that time the amount of the loans has increased in the following proportions:

March 31, 1878, it was	72 million marks.	..	March 31, 1882, it was	319 million marks.
" 31, 1879, "	139	"	.. "	31, 1883, " 349
" 31, 1880, "	218	"	.. "	31, 1884, " 373
" 31, 1881, "	268	"	..	

There are no special guarantees for the loans of the empire.

In 1870 the loan of the Confederation was issued in great part by public subscription, and a smaller portion was sold through banking houses.

The loans of the State are issued almost exclusively by sales to bankers and by public subscriptions operated through the Imperial Bank and the Royal Maritime Society of Prussia.

The preceding remarks relate to the debts of the German Empire, that is, to the union of the confederated States, but not to the debts of these States separately.

To conclude this chapter on the public debts of Prussia and Germany, we give in the following table the approximate market prices, on July 15, 1886, and December 15, of some of the Prussian and German State funds:

	July 15.	December 15.
German loan, 4 per cent.....	105.90	105.75
Prussian loan, 3½ per cent.....	103.40	101.20
Premium loan, 3½ per cent.....	142	145
3½ per cent. Brunswick.....	101.80	100
3½ per cent. Frankfort.....	101.10	100
3 per cent. Frankfort.....	97.50	98.50
4 per cent. Hessian.....	103.50	102.90
4 per cent. Darmstadt.....	105.50	105
4 per cent. Nassau.....	103.50	102.50
3 per cent. Saxon.....	99.25	97.25
3½ per cent. Baden.....	99.60	100
4 per cent. Baden, 1875.....	101.50	103.50
4 per cent. Bavarian.....	105	104.80
3½ per cent. Bavarian.....	101.50	101.20

Thus all Germany sees its 3½ per cent. securities quoted* above par, and its 3 per cents. will soon be at par; consequently the credit of these different countries is such that they could borrow at about 3 per cent.

It is unnecessary to remark upon the increase in strength and authority given to all Germany by the power of its credit, the high prices of its public funds and of those of the confederated States.

We must not finish this chapter without saying a few words on the budget of the German Empire. This budget, for the year 1886-1887, amounts in revenue and expenditure to 750,946,865 marks, or 938,683,358 francs 25, viz.:

Permanent expenditures.....	m. 631,345,194
Temporary expenditures.....	119,601,691
Revenue.....	750,946,885

This last figure includes the product of a loan of 72,100,000 marks at 3½ per cent., which the Chancellor proposes to contract, and consequently represents the deficit shown by the budget. These figures do not comprise the separate budgets of the 26 States composing the empire, nor the separate budgets of the municipal and rural communes. The budget of 1886-1887, compared with the preceding, shows an increased expenditure of nearly 120 millions, or about 15 per cent. The navy, in particular, has an increase of 8½ millions.

The German system of budgetary accounts is less complicated than ours. We write on one side the total expenditure and on the other the total revenue for certain public services. Thus, for the tobacco department, the post-offices and telegraphs, the State railways, we inscribe on one hand the cost of these different departments, and on the other the income they give. The German way of accounting is more expeditious and practical. For the department mentioned, the Germans write only the net difference between revenue and expenditure. Thus the budget of the German empire has no amount of expenditure for post-offices and telegraphs, but merely the amount of revenue. This net revenue amounted in 1884-1885 to 25,712,193 marks. The expenditures had been 134,230,807 marks, and the gross receipts 159,943,000 marks.

If we should apply the same system, several hundreds of millions would disappear from our budget, which would then have only the net and real result of operations. For post-offices and telegraphs and for tobacco alone, we should thus have to retrench more than 200 millions from our budget.

We must remark that at the same time the budget of the empire of Germany for 1886-1887 has an increased expenditure of 120 millions, and yet a very considerable reduction of revenue, in consequence of the crisis weighing upon all Europe. The budget of 1885-1886 presents for sugar a reduction of 40 per cent., and for tobacco of about 30 per cent. We complain of the diminution of revenue in our budgets. It is, as will be allowed, of slight importance when compared with that in Germany upon sugar and tobacco. During the year 1885, our total revenue from tobacco was 374,418,000 francs. Now, during the first half of 1886, the revenue amounted to 181,201,000 francs, which would give for the whole year about 362½ millions, or 12 millions less. What are these 12 millions to a total revenue of 374 millions? Hardly 3 per cent. Now, in Germany, the reduction noted has been 30 per cent. Doubtless one wrong does not mend another, as an old saying has it, but neither is it well to exaggerate the evils we are suffering from, to look on the dark side of everything, and unceasingly to complain.

The figures we have given on Prussia and Germany are mostly taken from documents and notes kindly furnished us by Dr. Becker, director of the Bureau of Statistics of the empire of Germany, and Mr. Em. Blenck, private councilor and director of the Bureau of Statistics of Prussia. We beg leave to express our gratitude to them.

III.—EMPIRE OF AUSTRIA.

On the debt of Austria we have obtained the most complete information from our eminent colleague of the Statistical Society, Mr. Neumann-Spallart, aulic councilor, and from Mr. Th. de Inama-Sternegg, the learned president of the Central Commission of Statistics. We owe them the greater part of the information we are about to publish on Austrian finances, and we are profoundly grateful to them for their extreme courtesy and great kindness in facilitating our labors and researches.

On December 31, 1884, the Austrian public debt was thus composed:

	<i>Nominal.</i>	<i>Capitalized at 5 per cent. in Austrian value paper.</i>
General debt and Austrian debt.....	3,361,171,851 florins.*	3,290,376,350 florins.
General debt in paper money.....	354,248,072 florins.	354,248,072 florins.
Totals.....	3,715,419,923 florins.	3,644,624,422 florins.

These 3,715,419,923 florins represent in francs, at the rate of 2 francs 50 a florin, a nominal capital of 9,288,549,807 francs 50.

* 1 florin = 100 neu-kreutzers = francs 2.469. 1 neu-kreutzer = francs 0.024.

The 3,290,376,350 florins, Austrian bills, are divided into:

1,959,118,870 florins paper.
1,058,577,320 florins silver.
272,680,160 florins gold.

The annual interest on the public debt amounts:

In paper to..... 77,910,719 florins.
In silver to..... 45,171,663 florins.
In gold to..... 13,634,008 florins.

Total 136,716,390 florins.

To which should be added for various
sinking funds, and loss resulting from
the depreciation of silver and paper
money, about..... 16,445,000 florins.*

Total 153,161,390 florins or 382,903,475 francs.

The general debt of the empire of Austria, the special debt of the countries represented in the Reichsrath (Cisleithan-Austria), as well as the general floating debt in paper money, are composed of a great variety of bonds at 3 per cent., 5 per cent., with prizes, etc.; but the principal part is put into the form of funds, paper and silver 5 per cents., gold 4 per cents., and even into the form of gratuitous loans as the debt of the State to the Imperial Austro-Hungarian Bank, amounting to 79,449,000 florins Austrian value.

Here in detail is the form in which the securities have been issued:

	<i>Nominal value.</i>	<i>Capitalized at 5 per cent. in Austrian value silver.</i>
In 6 per cents.....	714 florins.	857 florins.
In 5½ ".....	44,585,075 "	44,585,075 "
In 5 ".....	2,760,651,707 "	2,760,443,462 "
In 4½ ".....	54,819 "	49,337 "
In 4 ".....	380,257,761 "	311,963,811 "
In 3½ ".....	57,854,815 "	57,806,660 "
In 3 ".....	2,191,366 "	968,898 "
Below 3 ".....	109,440 "	34,005 "
	115,466,154 "	114,524,545 "
Totals.....	3,361,171,851 florins.	3,290,376,350 florins.
General debt in paper money without interest.....	354,248,072 "	354,248,072 "
Total.....	3,715,419,923 florins.	3,644,624,422 florins.

Since 1870 the public debt has increased by 708,109,578 florins, nominal value—or 1,770,273,945 francs—or 639,354,879 florins, capitalized at 5 per cent., Austrian paper value.

On December 31, 1884, the general debt and the Austrian debt consolidated and floating had increased by 705,975,025 florins; the general floating paper money debt had increased by 2,134,553 florins.

* Amortization..... 11,763,000 florins Austrian value.
Loss on paper money..... 635,000 " " "
Interest and amortization of { 1,480,000 " " "
various debts. { 2,567,000 " " "

Total.... 16,445,000 florins Austrian value.

From 1870 until December 31, 1883, the following were the various fluctuations of the general debt of Austria, of the special debt of the countries represented in the Reichsrath, of the general floating debt, consisting of paper money:

<i>Years.</i>	<i>General Debt</i> <i>(in thousands of florins).</i>		<i>Special debt</i> <i>(in thousands of florins).</i>		<i>Paper money of the State</i> <i>(in thousands of florins.)</i>	
1870	2,506,940	....	146,215	....	352,113
1871	2,504,339	....	124,403	....	373,600
1872	2,504,280	....	140,596	....	375,992
1873	2,502,910	....	172,655	....	344,033
1874	2,561,066	....	174,612	....	345,282
1875	2,591,541	....	198,150	....	346,591
1876	2,616,943	....	220,983	....	355,444
1877	2,646,029	....	303,924	....	345,901
1878	2,643,110	....	358,480	....	364,602
1879	2,763,471	....	392,373	....	313,031
1880	2,755,828	....	408,616	....	327,738
1881	2,769,945	....	442,285	....	320,435
1882	2,744,827	....	482,846	....	351,494
1883	2,750,927	....	"	....	"

The different loans issued by Austria are guaranteed by the general resources of the budget. Two loans, however, have special guarantees:

1. The $5\frac{1}{2}$ per cent. silver loan of 60 million florins, contracted with the Crédit Foncier of Austria, of which 44,585,075 florins still remained to be amortized at the end of 1884, is guaranteed by the real property of the State.

2. The special mortgage bills, issued in 1884, for 57,694,300 florins at $3\frac{1}{2}$ per cent. interest, and for 56,042 florins without interest, are guaranteed by a mortgage upon the salt-works of the State.

All the emissions of funds and loans made by the Austrian Government have generally been by direct sales to institutions of credit and bankers, either at a fixed price or on commission.

The Austrian loans quoted on the Bourse at Paris are the following:

1. Converted debt 5 per cent. 1868 proceeding from the conversion and consolidation of all previous loans, the conditions varying for each loan. Price, 69 to 70 per cent. about. Lowest price of paper bond, 43 per cent. in 1877; lowest price of silver bond, 48 per cent. in 1877. The securities of this debt have been put into two divisions—one, bonds with interest payable in silver, and the other, bonds with interest payable in paper. The interest (silver and paper) is payable at Vienna, and is subject to the retention of the tax of 16 per cent. established by the Austrian law. It is payable at Paris, by Messrs. Rothschild, at the exchange of the day.

2. The 4 per cents. gold, enacted by the law of March 18, 1876. Interest payable at Paris by the Messrs. Rothschild and the Bank of Paris. Price on December 31, 1886, 91 francs 75; lowest price since emission, 52.50 in 1877; highest price, 98 francs 50 in 1886.

3. 5 per cents paper 1881. Price at emission, 92 per cent.; lowest

price quoted, 83.90 in 1882; price, 90 per cent.; interest, 5 per cent.; exempt from taxation, coupons payable in Paris at Messrs. Rothschild's and the Bank of Paris.

4. 5 per cent. loan, Austrian prizes; 400,000 bonds of 500 florins, bringing in 25 florins, redeemable at 600 florins, giving the right to 500,000 florins of prizes by drawing, or one million florins a year. Present price, 1,400 francs; lowest price quoted, 675 francs in 1866; highest price, 1,480 francs in 1886. Loan redeemable from 1860 to 1917.

5. Domain bonds 1866. Price of emission, 230 francs; revenue, 15 francs; redemption at 300 francs from 1867 to 1912. Special guarantees, the landed property of the State. Payment of coupons and redemption of expired bonds at the Bank of Paris and of the Netherlands. Price on December 31, 1886, 319 francs 50.

NATIONAL BANK LAW.

POWER OF A NATIONAL BANK PRESIDENT.

The president of a national bank "has very little inherent power," says a good authority (Baker J. in *First National Bank v. Sherburne*, 14 Brad., 566); "it is his duty to preside at the meetings of the board of directors, and he has charge of the litigation of the bank; and other than these he has no power inherently over and beyond any other director. (*Hodge v. National Bank*, 22 Gratt., 51.) We are not advised that the vice president of a bank has inherently any other than contingent duties to perform, unless it be that he is also a member of the board of directors. As a matter of fact, these officers may frequently transact important business for the bank. Sometimes it is done by express authority from the directors, and sometimes, if done with the knowledge and approbation or the tacit sanction of the board, it may be regarded as legalized by the principles of ratification or usage. The powers and duties of a cashier are much more numerous. In all transactions in which the bank may lawfully engage, the cashier is its managing agent. While he is the business officer of the bank, it is in the sense of one who transacts the business, and not of one who regulates and controls it."

These remarks were made by the Court in a suit by a national bank to recover the amount of a note, which was taken by its cashier before maturity in the usual course of business, and without notice or knowledge of a contract of warranty relating to a machine sold for which the note was given in payment. Nor did any of the directors know of the warranty except the president

of the bank, who was a friend of the maker, and wrote both the note and the contract of warranty. Furthermore, he knew prior to the transfer of the note to the bank that the maker claimed that the machine would not work as warranted, and had demanded the note. The president, though, never informed any of the directors or officers of the bank of these facts, and he did not know that the bank had taken the note until two or three months after the transfer. As he had been clothed with no specific powers, and therefore possessed only those mentioned in the banking law, the Court decided that his knowledge regarding the note was not a notice to the bank, and hence the defense of the maker, that there was a failure of consideration for the note, was not good. On the other hand, if the notice had been either to the cashier or to the board of directors, this would have been a notice to the bank.

With respect to the power of the president to surrender securities, the Supreme Court of Michigan has decided that it is a serious question whether a general authority to make discounts would empower him to surrender securities and receive others which should be regarded as mere nullities so far as the sureties are concerned. (*First National Bank v. Bennett*, 33 Mich., 520).

"When a paper on its face shows the transaction not to be within the usual course of business of the bank, it is not binding on the bank, although signed by the president thereof as such officer. He is the executive agent of the board of directors within the ordinary business of the bank, but cannot bind it by a contract outside thereof without special authority. (*First National Bank v. Hoch*, 7 Weekly Notes, 298).

So, too, a guaranty against loss or liability for signing as sureties given by a bank president in his own name, and without authority from the directors to those whom he had solicited thus to sign a note given to the bank, to retire a prior note held by it against their principal, is the individual contract of the president, and not binding on the bank. (*First National Bank v. Bennett*, 33 Mich., 520.)

THE RIGHT OF A NATIONAL BANK TO PURCHASE NOTES.

The right of a national bank to purchase notes, if existing at all, is under the seventh clause of section 5136. Under this clause it has power "to exercise by its board of directors, or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking, by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt." The Supreme Court of Ohio has decided that the purchasing and discounting of paper is only a mode of loaning money, and a national bank has a right

to buy notes and bills which are perfect and available to the borrower, as well as his own notes which are made to the bank. (*Smith v. Exchange Bank*, 26 Ohio, 141.) The same view is maintained in Illinois, though not by the highest court. In the case of the *First National Bank v. Sherburne* (14 Brad., 566), a note was indorsed in blank by the payee, and before maturity was delivered for value to the cashier of the bank. It was held that the fair and reasonable presumption from the taking of the note in "the usual course of business" would be that it was discounted; that although in form and in common parlance it was a purchase of the note, yet in substance it was a loan by way of discount made by the bank to the payee. Judge Baker, in delivering the opinion of the Court, said: "The argument made here is based upon the statement of the cashier that he purchased the note from Wise, and that it was bought in the usual course of business as he bought other notes. It may be questionable whether the words used in the statute, 'by negotiating,' are broad enough to include that which was here done by the bank; and yet, according to the lexicographers, the word 'negotiate' means not only 'to transfer,' 'to sell,' 'to pass,' but 'to procure by mutual intercourse and agreement with another.' It appears the note was taken by a national bank and 'in the usual course of business.' Admitting the bank had no power to become vested with the legal title to the note otherwise than by 'discounting' it, the fair and reasonable presumption from the fact it was taken in the usual course of business of a national bank would be that it was discounted. The fact the cashier in stating the transaction uses the words 'purchased' and 'bought,' we do not deem of much importance. In *Atlantic State Bank v. Savery*, 82 N. Y., 291, a similar statute was under consideration, and the word 'bought' was used by the witness, and a written memorandum of the transfer was made and delivered at the time, in which the word 'sold' was used, and yet it was held it was a discount, and the title to the note was valid. In the present case the paper was procured from Wise, who was both payee and indorser, and was transferred by an indorsement imposing the ordinary liability upon the indorser. Although in form and in common parlance it was a purchase of the note, yet in substance it was a loan by way of discount made by the bank to Wise, and the relation of debtor and creditor as between them was created." In Massachusetts, also, it has been held that a national bank has authority to buy the checks of individuals on other banks whether they are payable to bearer or order. (*First National Bank v. Harris*, 108 Mass., 514.) The question under consideration was raised in that State in two other cases, but the Court disposed of them in another way. In these, it was held that a national bank which purchases a promissory note from an

indorsee may maintain an action thereon in his own name against a prior party thereto without regard to the question whether the purchase was one which it was authorized by law to make. (*National Pemberton Bank v. Porter*, 125 Mass., 333; *Atlas National Bank v. Savery*, 127 Mass., 75.) These decisions were based on a statute law of the State, and therefore do not touch the question. They are worth mentioning, however, in this review of the legal determinations of the question.

The leading case with a negative answer is that of the *First National Bank v. Pierson* (24 Minn., 140.) Says Cornell, J., speaking for the Court: "The incidental power to negotiate notes to the extent necessary to carry on the business of banking simply implies an authority to realize upon such commercial paper as the bank may receive in the lawful conduct of its business by negotiating, selling and transferring it by means of a re-discount obtained or otherwise. It gives no implied authority to speculate or traffic in paper of the character of the note in question, or in financial securities of any description." This view has found favor in Maryland, though by a divided Court (*Lazear v. National Union Bank*, 52 Md., 78), Judge Grason, who spoke for the majority, qualifying his opinion with the remark that a national bank may invest its surplus capital in notes.

Thus two answers have been given to the question, but the former is the best sustained by reason and authority.

THE RIGHT OF A NATIONAL BANK TO DEAL IN AND EXCHANGE SECURITIES.

A national bank can legally engage in the business of dealing in and exchanging government securities. (*Lewven v. First National Bank*, 54 N. Y. 671). In *Yerkes v. National Bank* (69 N. Y., 382) this subject was fully considered by Judge Earl. "While the statute specifies the main things a national bank may do, it does not undertake to specify all, and it does not prohibit all not specified. There is a large branch of banking business not particularly specified—that of collecting notes, checks, bills of exchange and other evidences of debt, for other persons. This forms a large share of the business of nearly all banks. They have correspondents and business connections which enable them to reach all parts of the country, and they have facilities and arrangements which enable them to do it with economy and dispatch. They take evidences of debt from their customers and other persons and send them to distant places for collection, and pay over the proceeds when realized to the persons entitled, retaining or receiving in some form a compensation or benefit for the service. It has never been doubted that they have the right and power to do this kind of business, as forming a legitimate part of banking business. If included under any specification

contained in the statute it is under that of 'negotiating promissory notes, drafts, bills of exchange, and other evidences of debt.' To negotiate means, among other things, 'to transfer, to sell, to pass, to procure by mutual intercourse and agreement with another, to arrange for, to settle by dealing and management.' This power is absolutely essential to the business of the country, and, if necessary to uphold it, it may be found in the specification alluded to. A bank in doing this business does not take title to the paper left with it for collection. It is a bailee for hire, and simply undertakes to use ordinary diligence in making the collection. It receives its compensation either by commissions charged or incidental benefits received. But suppose a bank, instead of transmitting a note to be collected in money, transmits it for the purpose of procuring a renewal note, or for the purpose of getting additional security, or for the purpose of exchanging it for other securities; would the business then be such as it had no power to transact? Can it be claimed that a bank may transmit evidences of debt to be paid in money, while it has no power to transmit them to be renewed, or secured or exchanged? It certainly cannot be successfully. The power in each case is of the same kind, and must rest upon the same general basis."

In this case the plaintiff sought to recover the value of some United States bonds which it was alleged the bank agreed to exchange for registered bonds, but failed to do. "If the plaintiff had delivered her bonds to the bank for collection, and the bank had agreed to collect them, no one would deny that the agreement would have been valid. If, after such an agreement, the bank had kept the bonds for an unreasonable time, until they were stolen, or had lost them, or rendered them worthless by its culpable negligence, it would have become liable to the plaintiff for their value. (*Smedes v. Utica Bank*, 20 Johns, 372; S. C., 3 Cow. 662; *Bank v. McKinster*, 11 Wend., 473; *Walker v. Bank*, 9 N. Y., 582; *Montgomery County Bank v. Albany City Bank*, 7 N. Y., 459). Instead of agreeing to collect these bonds, the defendant agreed to send them to the secretary of the treasury and exchange them for registered bonds (U. S. R. S. § 3706), and for reasons above stated it had the same power to do this as it would have had to collect them. The exchange of the bonds would in a broad sense have been a negotiation of them. It would, as commonly understood, have been a legitimate business for a bank to do. We may take judicial notice of the fact that government bonds are usually bought and sold through banks, and that all the transactions in reference to them with the government are usually conducted through banks and persons doing banking business. They are moneyed securities, and the collection or exchange of them is a financial transaction in no sense foreign to the business of banking."

In another interesting case the plaintiff, who held some shares of stock as trustee, kept an account with the Atlantic National Bank. These shares he placed in the hands of the cashier of the bank with the knowledge and approval of its president, to be sold when he should direct, and the proceeds were to be placed to his credit. It had previously been customary for the officers of the bank to receive stocks and bonds to be sold for him in that way. Subsequently, with the plaintiff's consent the cashier transferred the shares to his own name, as cashier, on the representation that this act would facilitate their sale. Afterwards the cashier hypothecated the shares with a broker to secure a loan for the purposes of his own speculation. The bank was held to be liable to the plaintiff for the cashier's wrongful act. Judge Daniels, who delivered the opinion of the Court, said that "the national banking act appears to have been framed upon the theory that the institutions framed and existing under it could lawfully exercise the authority necessary for the sale of these stocks. The abstract power of making such sales, it is true, was not conferred upon them. . . . The ultimate object for which the certificates of stock were delivered by the plaintiff in this instance was the increase of his deposit account with the bank. The holding and sale of the shares were simply to contribute to the promotion of that result. They were incidents for the purpose of obtaining that end. And for that reason it was a part of the business of banking, as this institution was allowed to carry it on." (*Williamson v. Mason*, 12 Hun. 97).

This opinion, however, has not prevailed everywhere. "It is well recognized law that a national bank is not by its charter authorized to act as a broker or agent in the purchase of bonds and stocks. Neither its specified powers given by statute, nor its incidental powers necessary to carry on the business of banking, extend to the transaction of such business." (*First National Bank v. Hoch*, 7 Weekly Notes, 298; *Fowler v. Scully*, 22 P. F. Smith, 462). And Waite C. J. in the case of the *First National Bank v. Exchange Bank*, (92 U. S., 122) remarks: "Dealing in stocks is not expressly prohibited, but such a prohibition is implied from the failure to grant the power."

But the same Judge has remarked that "in the honest exercise of the power to compromise a doubtful debt owing to a bank, it can hardly be doubted that stocks may be accepted in payment and satisfaction, with a view to their subsequent sale or conversion into money, so as to make good or reduce an anticipated loss. Such a transaction would not amount to a dealing in stocks."

THE RIGHT TO COMPROMISE A DEBT.

With respect to the right of a national bank to compromise a debt, the same authority, after quoting the section under consideration, has

said: "Authority is thus given to transact such a banking business as is specified, and all incidental powers necessary to carry it on are granted. These powers are such as are required to meet all the legitimate demands of the authorized business, and to enable a bank to conduct its officers within the general scope of its charter, safely and prudently. This necessarily implies the right of a bank to incur liabilities in the regular course of its business, as well as to become the creditor of others. Its own obligations must be met and debts due to it collected or secured. The power to adopt reasonable and appropriate measures for these purposes is an incident to the power to incur the liability or become the creditor. Obligations may be assumed that result unfortunately. Loans or discounts may be made that cannot be met at maturity. Compromises to avoid or reduce losses are oftentimes the necessary results of this condition of things. These compromises come within the general scope of the powers committed to the board of directors and the officers and agents of the bank, and are submitted to their judgment and discretion, except to the extent that they are restrained by the charter or by-laws. Banks may do, in this behalf, whatever natural persons could do under like circumstances."

Hence "a national bank.... may in a fair and *bona-fide* compromise of a contested claim against it growing out of a legitimate banking transaction, pay a larger sum than would have been exacted in satisfaction of the demand, so as to obtain by the arrangement a transfer of certain stocks in railroad and other corporations; it being honestly believed at the time that by turning the stocks into money, under more favorable circumstances than then existed, a loss which would otherwise accrue from the transaction might be averted or diminished." (*First National Bank v. National Exchange Bank*, 92 U. S., 122.)

THE RIGHT TO LEND ON PERSONAL SECURITY.

A national bank has power to lend money on the note or other personal obligation of the borrower, secured by the pledge of a warehouse receipt for merchandise as collateral security. In *Cleveland, Brown & Co. v. Shoeman* (40 Ohio, 176, p. 181), Judge Dickman says: "A national bank, therefore, empowered to carry on the business of banking 'by loaning money on personal security,' may also exercise all powers incidental thereto. Vested with such authority, we do not think that in making a loan on the personal obligation of the borrower, with a warehouse receipt as a collateral security thereto, the bank exceeds its statutory powers. It is not to be limited in taking security for discounts and loans to the personal undertaking of the borrower, or to the security afforded by the names of indorsers of personal sureties, but may take a pledge of bonds, choses in action, stock of a corporation, bills of lading, and other personal chattels. The language 'persona

'security' would seem to refer to other personal security than is mentioned in the first grant of power in section 5,136, authorizing the business of banking 'by discounting and negotiating promissory notes.' Dillon, J., in *Pittsburgh Car Works v. State National Bank* (*Thompson's National Bank Cases*, 315), says: 'The words loans on personal security in the banking act are used in contradistinction to real estate security,' and in that case it was held that a national bank might take personal chattels, *e. g.*, a locomotive, as security for discounts and loans." (*Merchants' National Bank v. Mears*, 8 Biss., 158; *Shoemaker v. National Mechanics' Bank*, 1 Hughes, 101; *Pittsburgh Locomotive &c. Works v. State National Bank*, 1 N. Y. Weekly Dig., 332.)

COLLECTION.

SUPREME COURT OF ILLINOIS.

Drovers National Bank v. O'Hare.

Where the agents of the owner of money were directed to transmit it to a bank situated in another State, and in the course of transmitting the money deposited it in appellant bank to the credit of the foreign bank, for the use of appellee, the owner—of which appellant was notified by an accompanying ticket or memorandum—the liability of appellant would cease on delivery to and acceptance of the money by the foreign bank, which would then become liable to account to appellee.

But if the foreign bank should refuse to receive the money and accept the trust, the purpose for which the deposit was made has failed, and appellant bank would hold the funds impressed with a trust, to the use of appellee, and must account to him for the same.

The foreign bank was a mere intermediary, chosen by appellant, through which the money should pass in reaching appellee, and would be liable to appellee only in the event of its coming into possession of the funds or acceptance of the credit; and the mere fact that the deposit was made to its credit without its knowledge or consent created no contract relation between it and appellant.

It was the duty of appellant to give notice to any intermediary it might select of the trust character impressed upon the funds, and not permit them to be carried in the general account of the trustee to be applied upon its debts.

In the hands of appellant this money was not liable as assets of the foreign bank, nor could it be applied by appellant in payment of debts due from the foreign bank, nor would it be subject to garnishment in appellant's hands, at suit of creditors of that bank.

SHOPE, J.—It is contended that, if a right of recovery exists in the plaintiff, the action should have been brought against the Northwestern National Bank, and not against appellant.

We are of opinion that the suit was properly brought. The Northwestern National Bank had no notice whatever that the check of appellant represented money belonging to appellee, or that appellee was in any wise interested therein. It never consented to become his debtor or to become the depository of funds for his use, and received the money without notice that it was charged with such use. The check purported to transfer to the Northwestern National Bank the funds of the Henry Bank, going to its general account, and the same was so received by

that bank and carried to the credit of the Henry Bank to the Northwestern National Bank. There was no privity of contract between the Northwestern National Bank and appellee. The transfer was made to that bank without his authority or consent. Nor did the Northwestern National Bank consent to act as trustee in respect to this money for its transmission to the Henry Bank for his use.

No action would lie by appellant to recover of the Northwestern National Bank. *Carpen v. Hall*, 29 Ill., 512; *Trumbull v. Campbell*, 3 Gilm., 502; *Savings Bank v. Ward* 100 U. S., 195 [Bk. 25, L. ed., 621]; Whart. Cont., 784, 787.

Bensley Bros. had been directed by appellee to forward the proceeds of the sale of his cattle to the Henry Bank at Mineral Point, Wis. For this purpose they were his agents, and whatever they did in pursuance of that direction was the act of the appellee. In the course of transmitting appellee's money, the agents of appellee deposited it in appellant bank to the credit of the Henry Bank for the use of O'Hare, appellee. The deposit was accompanied by a ticket or memorandum distinctly notifying appellant that the deposit was for the use of appellee. Appellant, with such notice, accepted the deposit, and issued and delivered to appellee's agents a certificate therefor, in which they certify that the amount has been carried to the credit of the Henry Bank for the use of appellee.

Appellant must be held to have received this money with full knowledge that it belonged to appellee, and of the trust character in which it was to be transmitted to the Henry Bank.

The liability assumed by appellant bank was to pay to the Henry Bank for the use of appellee the amount of this deposit with it; and upon such payment being made and acceptance thereof by the Henry Bank, the liability of appellant would cease, and the Henry Bank become liable to account to appellee for the same. It is, however, urged that, as the deposit was to the credit of the Henry Bank, it alone had the right to demand and receive the money and alone could recover the same. This position is, we think, untenable. The deposit was by appellee for the transmission of his own funds to the credit of his home bank for his use.

The Henry Bank was not a party to the deposit, never gave its consent to receive the credit or accepted the trust created for appellee's benefit. On the very day the deposit was made, the Henry Bank, without any notice of this deposit to its credit, closed its doors as a bank, and its affairs passed into the hands of an assignee for the benefit of its creditors. It will not be questioned that if, before closing its doors, the Henry Bank had had notice of this deposit to its credit, it would have had the right to decline it and refuse to assume the trust with which it would be charged upon receiving the money. Common honesty would have dictated such a course in view of its financial condition.

The Henry Bank was a mere intermediary, chosen by appellee, through which the money should pass in reaching appellee; and it would become liable to appellee only in the event of its coming into possession of the funds, or acceptance of the credit. The fact that the deposit was made to its credit without its knowledge or consent created no contract relation between the Henry Bank and appellant, unless the Henry Bank can be held in some way to have assented thereto. Whart. Cont., 787, and authorities cited. The authorities cited seem fully to support the reasoning of the text. That the Henry Bank did not act indicating its assent to receiving the credit is apparent.

As stated, at no time since the deposit was made has it been in con-

dition to consent or to act as trustee of this fund, Waiving, then, the question whether the transfer to the Northwestern National Bank, by check, of a like amount of money, constitutes a defense, if the Henry Bank refused to accept the credit, or for any reason it became impossible that it could receive the money in trust for the use of appellee, it became the duty of appellant to hold the money for the use of the depositor. He, by his agent, deposited the money with appellant to be transmitted for his use and benefit to another bank, which refuses, or is unable, to receive it, and cannot be compelled to do so. The purpose for which the deposit was made has failed, and is incapable of execution; and appellant would hold the funds for the use of appellee and must account to him for the same. *St. Louis v. Johnson*, 5 Dill., 241; *Farley v. Turner* 26 L. J. Eq., 710; Whart. Cont., *supra*.

Nor does it militate against this view that appellee may have been indebted in some amount to the Henry Bank. The evidence wholly fails to show that there was any understanding or agreement that the bank was to be paid out of this fund, or had any interest therein. It is shown, however, that it is the custom of the city banks, when a deposit is made to the credit of a country bank, or a city bank not its correspondent, to transfer the amount by check to the city correspondent of the country bank, and it is urged that the transfer to the Northwestern National Bank by appellant was in accordance with this custom, and that appellant is protected from liability. While it probably is true that parties dealing with the city banks with knowledge of the custom mentioned would be bound thereby, it is not necessary in this case to determine the effect to be given to that general usage among the city banks.

As we have seen, when this money was deposited with appellant bank, it was impressed with the trust in favor of appellee; and while the Henry Bank would be entitled to draw it from appellant bank if it accepted the deposit to its credit for the use designated, yet it was, as already said, a mere intermediary in the transit of the funds from Chicago to appellee at Mineral Point, and the Henry Bank would be compelled to account to him therefor. Appellant might hold the money subject to the order of the Henry Bank, which by its letter of advice and certificate of deposit, would be advised of the use for which it was to receive the money, or appellant might transmit it in the regular course of business, being responsible only for such care and diligence as the law charges upon persons similarly situated. But if the Henry Bank must, from the character given the funds in the hands of appellant, account to appellee therefor, it was the duty of appellant to give notice to any intermediary it might select, of the trust character impressed upon the funds, and not permit them to be carried in the general account of the trustee to be applied upon its debts. *Perry*, Tr. 406, 443, 444, and authorities cited.

In the hands of appellant this money was not liable as assets of the Henry Bank, nor could it be applied by appellant in payment of debts due from the Henry Bank, nor would it be subject to garnishment in appellant's hands at the suit of creditors of that bank.

In what is claimed as an attempt to transfer the fund to the Northwestern National Bank, appellant withheld all indications of the trust character of the funds, or that it was other than money going to the general account of the Henry Bank. To this appellee in no wise consented, and appellant stands in no better position than if it had retained the money in its custody.

It is, however, contended that, under the authority of the letter of W. T. Henry, appellant was justified in transferring this fund to the North-

western National Bank in the manner it did, and therefore the loss must fall upon appellee, if loss occurs. Without pausing to discuss whether the death of W. T. Henry would, under the circumstances here shown, amount to a revocation of that authority, it is apparent that the direction was from W. T. Henry, who, up to his death, July 1, 1883, carried on the banking business in his own name as W. T. Henry.

After his death the business was carried on by another who adopted the style of "Henry Bank," and it was to this latter institution that the credit was given in this instance. But, independently of this, that letter, if otherwise binding, would not authorize the deposit in the Northwestern National Bank of appellee's money to the credit of the Henry Bank, as funds of the Henry Bank generally, and destroy all "earmarks" by which the funds could be identified as held for appellee's use. While appellant held the funds, the trust character continued. When the Henry Bank received them, if at all, it was for the benefit of appellee, and it cannot be held that any previous direction of the Henry Bank relating to a disposition of its funds would authorize the destruction of the evidence of the trust relation created in respect to this fund.

There is no hardship in the rule requiring the bank to preserve the character of the funds received by it in transmitting the same. All appellant had to do to protect itself was to preserve the trust character impressed upon the fund, in transferring it to the Northwestern National Bank. If that bank had, with notice of the trust, received this money, it would have held it in the same character as it was held by appellant and charged with the same use, and upon failure of the Henry Bank, before the transmission of the fund to it, would be bound to account to appellee therefor.

Perceiving, therefore, no error in this record, the judgment of the Appellate Court will be affirmed.

EQUITABLE ASSIGNMENT.

SUPREME COURT OF THE UNITED STATES.

Laclede Bank v. Schuler.

Without deciding the mooted question whether a check or draft of a person on a bank in which he has deposits operates as an equitable assignment of the fund so on deposit to the holder of the check to the amount of it, it is clear that such check or draft does not bind the fund in the hands of the bank until it has notice of the draft or check by presentation for payment, or otherwise. Until then, other checks drawn afterwards may be paid, or other assignments of the fund, or part of it, may secure priority by giving prior notice.

This is an appeal and cross-appeal from a decree of the Circuit Court of the United States for the Eastern District of Missouri.

Harrison B. Schuler, a citizen of the State of Kansas, brought his bill in that court against the Laclede Bank, a corporation under the laws of the State of Missouri, and J. T. Craig, a citizen of the State of Texas. The substance of the bill is, that the plaintiff is the owner and holder of a draft or bank check, drawn by C. W. Israel & Co. on the Laclede Bank, for the sum of \$11,250.00, dated at Henrietta, Texas, October 20, 1885, in favor of the plaintiff, which was duly presented for payment on the twenty-sixth day of that month; and that payment was refused, as the Laclede Bank alleged, on the ground that C. W. Israel & Co., the drawers of the draft, had, on October 24, 1885, made an assignment

under the laws of Texas for the benefit of their creditors, of which the said Laclede Bank had been advised by telegraph. The bill proceeds upon the idea that there were funds in the hands of the Laclede Bank to the credit of C. W. Israel & Co. on the presentation of said check for payment, which ought to be applied for that purpose, and charges that, notwithstanding the general assignment for the benefit of creditors made by C. W. Israel & Co. on October 24, 1885, the check in question, made in favor of the plaintiff on October 20, 1885, was an assignment or appropriation of so much of those funds to the benefit of complainant which he is entitled to enforce in this suit. J. T. Craig, who had become substituted for Davidson, the assignee of C. W. Israel & Co., was also made a party to the suit, and appeared and filed an answer. The answer of the Laclede Bank, while admitting most of the statements made in the bill, is very long and recites many things not material to the issue as we look upon it, but relies upon two substantial defenses to the suit. The first of these is, that on the morning of the twenty-sixth day of October, 1885, it received the following telegram from C. W. Israel & Co.: "Henrietta, Texas, 24 [meaning the 24th of October]. Laclede Bank, St. L.: We assigned this day in favor of S. Davidson; hold funds subject to his order. C. W. Israel & Co." It alleges that this telegram was forwarded to the bank as a night message on Saturday night, and, although duly received at the telegraph office, was only delivered at 8 o'clock on Monday morning, and that the check in favor of complainant was presented at the opening of the bank at 10.15 on the same morning, which was the first notice that they had of it. The answer insists that the general assignment, with the notice of it by telegraph, was a complete revocation of the Schuler check, as well as all other checks drawn against this defendant by C. W. Israel & Co., and that the assignment, with this prior notice to the bank, vested in the assignee the better right to any funds of said C. W. Israel & Co. in the hands of the bank. The answer also sets up transactions between C. W. Israel & Co. and the bank by which said C. W. Israel & Co. would be indebted on a settlement of the transactions between the two banks to the Laclede Bank in a sum beyond anything which they then held on deposit to the credit of C. W. Israel & Co. A part, however, of the transactions which go to make up this claim of set-off against C. W. Israel & Co. consisted of a note or notes discounted by the Laclede Bank for said C. W. Israel & Co., but which had not yet matured. The answer also sets up that C. W. Israel & Co. and the Laclede Bank were corresponding banks, one being in Texas and the other in St. Louis, Missouri, and that there had been a long course of dealing between them, and for this reason they had discounted the notes of C. W. Israel & Co. without any other sufficient security. Craig, as assignee for C. W. Israel & Co., filed a separate answer, in which he sets out mainly the same matters found in the answer of the Laclede Bank, and he also makes a part of his answer the assignment of C. W. Israel & Co. to Davidson for the benefit of all their creditors. There were no replications to either of these answers, but a stipulation is filed in regard to facts that are agreed upon by the parties, which closes with this paragraph: "All other facts in the bill and answer not inconsistent herewith are to be taken as part of this agreed statement." The decree of the court was as follows: "This cause came on for hearing at this term of the court on the bill of complaint, answers of defendants, and stipulations on file, and the court, being fully advised concerning the premises, finds that at the date of the presentation to the said Laclede Bank of the check set out in the bill of complaint, there was to the credit of the account of C. W. Israel & Co. in said bank the sum of \$5,912.41 subject to the payment of said check and that said

check operated in equity as an assignment of said sum as against said defendants to said complainant. It is, therefore, ordered, adjudged, and decreed that the said complainants have and recover of and from said defendants the said sum of \$5,912.41, together with interest at 6 per cent. per annum from the twenty-sixth day of October, 1885, amounting to \$6,073.99, and it is further ordered that execution issue therefor against said defendant, the Laclede Bank." From this decree both Schuler and the bank appealed. The assignee, Craig, did not appeal.

MILLER, J.—The question of how far and under what circumstances a check of a depositor in a bank will be considered an equitable assignment of the payee of the check, of all or any portion of the funds or deposits to the credit of the drawer in the bank, is one which has been very much considered of late years in the courts, and about which there is not a unanimity of opinion. In this court it is very well settled that such a check, unless accepted by the bank, will not sustain an action at law by the drawee against the bank, as there is no privity of contract between them. *Marine Bank v. Fulton Bank*, 2 Wall, 252; *Bank of Republic v. Millard*, 10 Ib., 152; *Bank v. Whitman*, 94 U. S., 343. But while this may be considered as the established doctrine of this court in regard to the rights of the parties at law, and is probably the prevailing doctrine in nearly all the courts, it is urged in this case, and several respectable courts have so decided, that such a check is an appropriation of the amount for which it is drawn of the funds of the drawer in the hands of the bank. *Roberts v. Austin*, 26 Iowa, 315; *Forgarties v. State Bank*, 12 Rich. (S. C.), 518; *Munn v. Burch*, 25 Ill., 35; *German Savings Inst. v. Adae*, 1 McCrary, 501. But however this doctrine may operate to secure an equitable interest in the fund deposited in the bank to the credit of the drawer after notice to the bank of the check, or presentation to it for payment—a question which we do not here decide—we are of opinion, that, as to the bank itself, the holder of the fund, and its duties and obligations in regard to it, the bank remains unaffected by the execution of such a check until notice has been given to it or demand made upon it for its payment. In the case before us it is a conceded fact that before the bank had any knowledge or notice whatever of the check on which the plaintiff brings this suit, it had received a distinct notification from the drawer of that check that he had made a general assignment for the benefit of his creditors, with an express direction to hold the funds subject to the order of the assignee. Therefore, even if the check could be considered as an attempt on the part of C. W. Israel & Co. to assign or appropriate this amount in the hands of the bank to Schuler, the general assignment for the benefit of all their creditors of all their assets, including those in the hands of the bank, was made and brought to the attention of the bank with directions to turn them over to this assignee before it had any notice of the check in favor of Schuler. The learned judge who decided the case on the circuit rested his judgment, in an opinion which is found in the record, on the proposition that, as between these two equities, namely, the equities of the general creditors under the assignment to Davidson, and this implied assignment in equity by the drawing of the check, the latter was superior. In this it would seem that he was somewhat influenced by the fact that he was enabled to trace the sources of some of the deposits to the credit of C. W. Israel & Co., in the Laclede Bank, to money which in a roundabout way had been collected for the payment of a debt to Schuler, and had finally been deposited to the credit of C. W. Israel & Co. in the Laclede Bank. But there is no allegation in the bill, nor any evidence in the testimony, nor any reason to believe that the bank knew anything of this connection between the sums received

from several of the banks with which Israel was connected at different times and the debt of Schuler. This is expressly denied, and we can see no reason why the bank should be held in any way to regard the deposit made by C. W. Israel & Co. as, in law or in equity, funds in which Schuler had an interest. It must, therefore, be left entirely out of the argument in the contest between the bank and Schuler. Apart from this matter, it is not easy to see any valid reason why the assignment of an insolvent debtor, for the equal benefit of all his creditors, of all his property, does not confer on those creditors an equity equal to that of the holder of an unpaid check upon his banker. The holder of this check comes into the distribution of the funds in the hands of the assignee for his share of those funds with other creditors. The mere fact that he had received a check, a few days before the making of the assignment, on the bank, which had not been presented until after the general assignment was made and notified to the bank, does not seem, in and of itself, to give any such superiority of right. The assignment was complete and perfect, and vested in the assignee the right to all the property of the assignor immediately upon its execution and delivery, with due formalities, to the assignee, and the check of this assignee, like the check of Israel & Co., could have been paid by the bank with safety, if first presented. The check given by the same assignor a few days before was only an acknowledgment of a debt by that assignor, and became no valid claim upon the funds against which it was drawn until the holder of those funds was notified of its existence. This, we think, is the fair result of the authorities on that subject. In the case of *Spain v. Hamilton's Administrator* (1 Wall., 624), this court says: "Any order, writing, or act which makes an appropriation of a fund, amounts to an equitable assignment of the fund. The reason is, that the fund being a matter not assignable at law, nor capable of manual possession, an appropriation of it is all that the nature of the case admits of, and therefore it is held good in a court of equity. As the assignee is generally entitled to all the remedies of the assignor, so he is subject to all the equities between the assignor and his debtor. But in order to perfect his title against the debtor it is indispensable that the assignee should immediately give notice of the assignment to the debtor, for otherwise a priority of right may be obtained by a subsequent assignee, or the debt may be discharged by a payment to the assignee before such notice." The same principle is also laid down in *Christmas v. Russell*, 14 Wall., 69; Story on Eq. Juris. §§ 1047, 1057, 1035 *a*. See especially the authorities cited in note 1 to this latter section. See, also, *Ward v. Morrison*, 25 Vt., 599, and *Loomis v. Loomis*, 26 Ib., 198. For these reasons we are of opinion that at the time of the presentation of the check to the bank, the bank held no funds subject to its payment, whether we consider the delivery of it by C. W. Israel & Co. to Schuler as intended to create an equitable assignment or not. An earnest effort is made in the argument of counsel in this court to impeach the general assignment as being void under the laws of Texas where it was made, and also the State of Missouri where this fund was. As there is nothing in the statute of Missouri which would make this assignment absolutely void, and there is nothing brought to our attention to prove that it was void by the laws of Texas, and as the assignment, though mentioned in the original bill of complainant, is not assailed, nor any ground set forth to show its invalidity, we do not think there is any reason why it should not be held in this proceeding to be a valid assignment. As this assignment had the effect, when the bank was notified of it, to transfer to the assignee all right to any funds in its hands which Israel could assert, we need not consider the other questions connected with the case.

Reversed and remanded, with instructions to dismiss the bill.

LEGAL MISCELLANY.

GUARANTY.—Where a party indorses a draft as guarantor on condition that the bank procures a certain other party to sign as coguarantor, and the bank, before accepting the draft, had notice of that fact; where the condition on which he became bound as a guarantor of the paper was never performed, he incurred no obligation. As between the bank and defendant it was an incomplete instrument until the condition was complied with. [*Belleville Savings Bank v. Bornman*, Ill. Sup. Court.]

RENEWAL NOTE.—Generally, where a new bill or note is given in renewal of another bill or note, the new bill or note operates only as a suspension of the debt evidenced by the original, and is not a satisfaction of it until paid, unless there is an express or implied agreement that such was the intention of the parties. [Ib.]

SECURITY OF RENEWAL NOTE.—A renewal note has the benefit of security for the payment of the original, whether by way of mortgage, deed of trust, or otherwise, and the holder may enforce it; hence, where there was a clear liability on the part of defendant and another as coguarantors, for the payment of the original draft, which had never been paid, and defendant's liability thereon had not been discharged, and he had merely made an abortive attempt toward the continuation and extension of his liability by the renewal draft, his liability on the original draft still remains. [Ib.]

PROMISSORY NOTE—NOTICE OF PROTEST—REASONABLE TIME.—When demand of payment of a promissory note is duly made on the last day of grace, and notice given on the next day to the indorser, who lived within a few miles of the place of payment, it is within a reasonable time. [*Phelps v. Stocking*, S. C. Nebraska.]

PROMISSORY NOTE—PAYMENT.—One who makes a payment before maturity on a note secured by mortgage, cannot be entitled to a credit therefor against an assignee before maturity without notice and for value, although no assignment of the mortgage had been made. [*Brayley v. Ellis*, S. C. Iowa.]

BILLS AND NOTES—GUARANTY—SUIT.—The holder in a suit on a promissory note against a guarantor, without suit against the maker, must prove the maker was, at the maturity of the note, and still continues to be, insolvent. [*Osborne v. Thompson*, Minn. Sup. Ct.]

BILLS AND NOTES—INDORSEMENT—EVIDENCE.—When the maker of a promissory note is sued on as indorsee, proof of the defendant's admission that he knew that plaintiff had cashed the note for the payee, is not proof of the payee's indorsement of it. [*Beckley v. Evans*, N. J. Ct. Err. & App.]

BILLS AND NOTES—INDORSEMENT—LIABILITY.—Where a party puts his name on the back of negotiable paper before the payee indorses it, the character of the liability he assumes is a matter of evidence. [*Lissman v. Marx*, Penn.]

BILLS AND NOTES—PARTIES—INDORSER.—Where R sells a note to M, payable to R or bearer, and puts his name under that of the maker, he cannot claim to be an indorser only, especially when he testifies he signed the same as security. [*Raymond v. McNeal*, Kansas Sup. Ct.]

BILLS AND NOTES—PROMISSORY NOTE—ALTERATION.—When a promissory note, as delivered to the payee, leaves the space for the statement of interest unfilled as to the rate, which the indorsee subsequently fills up without authority, the note is rendered void thereby. [*Hoopes v. Collingwood*, Colorado Sup. Ct.]

PRACTICE—BANKING—CERTIFICATION OF DRAFT.—In an action on a draft drawn on and certified by defendant, which had been fraudulently altered in amount, the plaintiff's counsel, in his opening, stated that they expected to prove that the plaintiff had asked the defendant's teller whether the certification was good, and that he replied that it was; that the defendant previously had notice of the miscarriage of the draft, and a request to stop payment, and that in ordinary banking usage the teller should have compared, before answering, the draft with his book of certifications and stopped payments; and that the question related to the draft as certified, and not merely to the marks of certification. Plaintiff's complaint was, on this statement, dismissed. *Held*, error.—[*Clews v. Bank of New York*, N. Y. Ct. App.]

TAXATION—BANK-STOCK.—Under Texas laws, a person cannot be taxed on his bank-stock when the corporation is taxable, though it makes no return. [*Gillespie v. Gaston*, Texas Sup. Ct.]

BANKRUPTCY—DISCHARGE.—A discharge under the bankrupt law of the United States can only be contested in the United States district court within two years after the discharge is granted, although the name of the creditor was fraudulently omitted from the bankrupt's schedule, and no notice given to him. [*Fuller v. Pease*, Mass. Sup. Ct.]

BILLS AND NOTES—NON-PAYMENT—NOTICE TO INDORSER.—Notice of non-payment of a note indorsed by a partnership may be sent by mail to its place of business at the time the note was given, in the absence of knowledge by the holder of its removal. [*Importers & T. N. Bank v. Shaw*, Mass. Sup. Ct.]

BILLS AND NOTES—TITLE—PRESUMPTION.—Between the payee of a promissory note not indorsed and a stranger in possession thereof, the payee is *prima facie* the owner thereof. [*Duvein v. Moeser*, Kansas Sup. Ct.]

GIFT—HUSBAND AND WIFE.—A deposit of money by a husband in his own name in a bank, to be held by him in trust for his wife, is not a completed gift, the bank-book never having been delivered to the wife, and the evidence being conflicting as to the intention of the husband. [*Walker v. Welsh*, Mass. Sup. Ct.]

STOCK-BROKERS—GAMBLING TRANSACTION—PROMISSORY NOTE.—Where a stock-broker buys and sells stocks on the orders of a customer who is speculating, it will not be presumed the broker is concerned in the gambling business. A broker is the agent of his customer, and it will not be intended that the intent of the principal is the purpose of the broker, so that if the principal speculates the broker participates in the gambling transactions. Where A gives his note to B, who has paid C his claim against A, he cannot defeat the note on the ground that B's claim was not a valid one against him. [*Bank v. Hornick*, U. S. S. C. D. Minn., 23 Rep. 647.]

PRODUCTION OF GOLD AND SILVER IN THE UNITED STATES IN 1886.

The report of the Director of the Mint on the production of the precious metals in the United States for the calendar year 1886 is in press, and will be ready for distribution soon.

The Director estimates the production of the United States to have been in 1886, gold, \$35,000,000; silver, \$51,000,000. The value of the silver in the above estimate is calculated at the coining rate of silver in United States silver dollars, namely, \$1.2929 per ounce fine. The production of silver was 39,445,312 fine ounces of the commercial value, at the average price of silver during the year (namely about \$1.00 per fine ounce) of \$39,445,312.

The production of gold shows a considerable increase over the prior year, namely, \$3,200,000. The production of silver is slightly less than in 1885.

The following table exhibits, in condensed form, the production of gold and silver in the United States, estimated by the Director of the Mint for the last seven years:

	<i>Gold.</i>		<i>Silver.</i>
1880.....	\$36,000,000	....	\$39,200,000
1881.....	34,700,000	....	43,000,000
1882.....	32,500,000	....	46,800,000
1883.....	30,000,000	....	46,200,000
1884.....	30,800,000	....	48,800,000
1885.....	31,800,000	....	51,600,000
1886.....	35,000,000	....	51,000,000

It will be noticed that the production of silver in the United States has largely increased from 1880, when it was 39,200,000 to 51,000,000, there being a slight falling off in the last year. The year's product of gold has approximated the maximum of the last seven years, the product of 1880, which reached 36,000,000 against 35,000,000 in 1886.

The Director points out a new and serious difficulty which has arisen in estimating the silver product of the United States, namely, from the large importation of silver products from Mexico into the United States for smelting and refining, amounting last year in value to some \$7,000,000. This difficulty will be met hereafter by instructions issued by the Secretary of the Treasury to the collectors of customs on the Mexican frontier, who are required to report to the Director monthly, the consignees of all bullion and ore from Mexico, thus enabling the Bureau to trace and identify the imports of this kind.

Colorado retains first rank as the largest producer of the precious metals in the United States, the value of its production of gold and silver having been over \$20,000,000 during the last year. California yields second place to Montana, with a production of nearly \$17,000,000 against \$16,000,000 by the former.

The production of Nevada and New Mexico has decreased, while that of the other States has remained almost constant.

Texas, for the first time, is added to the list of producing States, with a production of \$200,000 in silver.

The annual supply of silver from the mines of the world has largely increased in the last fourteen years—the period covered by the marked decline in the market price of silver—having doubled since 1872; that

is from \$62,000,000 in that year to \$124,000,000 in 1886. During the calendar year, 1886, the changes in the price of silver were very marked. Opening on January 2, 1886, at 46½ pence per ounce British standard, the fluctuations were slight until April, when commenced a rapid decline, which continued until July 31, when the price of silver reached 42 pence, remaining at that price until August 10, when an advance took place, which continued until November 20, when the price reached 47 pence, but remained at that point only a short time. The closing quotation on December 31 was 46¼ pence. The average price for the year was 45.374 pence, equivalent to 99.465 cents per ounce fine, at which rate the ratio between gold and silver was as one of gold to 20.76 of silver.

The price of silver at the present time is 43¾ pence per ounce British standard, equivalent to \$0.956 per ounce fine.

The value of the gold deposited at the mints of the United States during the calendar year 1886 was \$79,057,818, of which over \$21,000,000 consisted of foreign bullion and over \$9,000,000 foreign coin. The deposits and purchases of silver amounted to \$39,086,070. The coinage executed at the mints during the calendar year consisted of 63,739,566 pieces of the face value of \$61,375,438, as follows:

	Pieces.		Value.
Gold.....	4,730,944	....	\$23,945,542 00
Silver.....	38,019,752	....	32,086,709 90
Minor.....	20,988,870	....	343,186 10
Total.....	63,739,566	....	\$61,375,438 00

The number of silver dollars coined was 31,423,886, on which the seignorage was \$7,095,361.34.

In addition to the coinage executed at the mints, gold and silver bars were manufactured for depositors of the value of gold, \$52,259,703; silver, \$7,571,680.

The movement of the precious metals through the custom houses during the calendar year 1886 was as follows:

MOVEMENT OF GOLD AND SILVER COIN AND BULLION, 1886.

	Gold.		Silver.	
	Imports.	Exports.	Imports.	Exports.
Bullion.....	\$17,947,518	\$27,883,529	\$4,319,855	\$16,176,197
Coin, foreign.....	17,875,656	8,873,821	12,363,805	10,779,529
Coin, domestic.....	5,486,007	4,525,872	537,805	97,003
Coin, trade dollars.....	—	—	—	2,627
Total.....	\$41,309,181	\$41,283,222	\$17,221,465	\$27,055,356
Gain.....	—	25,959	—	—
Loss.....	—	—	—	9,833,891

The Director estimates the stock of coin in the United States on January 1, 1887, to have been in round figures, gold, \$560,000,000; silver, \$325,000,000; total, \$885,000,000. In addition to the stock of coin, the Government owned gold and silver bullion in the mint awaiting coinage of the value of, gold, \$81,400,000; silver, \$7,000,000; total, \$88,400,000; a total metallic stock on January 1, 1887, of, gold, \$641,400,000; silver, \$331,800,000; total, \$973,200,000.

The Director presents official figures to show that of the stock of gold coin estimated to have been in the United States on the first of the present year, there was in the Treasury of the United States and in the National and State banks, and in circulation on the Pacific Slope, \$360,000,000, leaving \$200,000,000 in the hands of the people and in the banks and saving institutions of the United States east of the Sierra

Nevadas (other than National banks and the 849 State banks which reported to the Comptroller of the Currency). The stock and ownership of the gold and silver coin in the United States on January 1, 1887, is exhibited in the following table:

STOCK AND OWNERSHIP OF GOLD AND SILVER COINS IN THE UNITED STATES, JANUARY 1, 1887.

Ownership.	Gold coin.	Full legal tender.	Silver coin, subsidiary.	Total silver.	Total gold and silver.
Treasurer	\$89,980,991	\$71,259,568	\$25,660,935	\$96,920,503	\$186,901,494
National banks..	153,040,665	11,153,377	2,789,514	13,942,891	168,993,556
State banks.....	24,734,684	167,258,865	46,724,208	213,983,073	531,156,804
Other banks and private hands.	292,439,047				
Total	\$560,195,387	\$249,671,810	\$75,174,657	\$324,846,467	\$885,041,854

The total amount of paper and metallic money in the United States—the paper all either redeemable in coin or secured by bonds redeemable in coin—amounted on January 1, 1887, to \$1,879,919,935, distributed as follows:

FORM AND DISTRIBUTION OF TOTAL STOCK OF MONEY, JANUARY 1, 1887.

Classification.	In Treasury.	In National banks.	In other banks and general circulation.	Total.
Gold bullion.....	\$81,431,262	—	—	\$81,431,262
Silver bullion.....	7,033,391	—	—	7,033,391
Gold coin.....	187,196,596	\$97,781,405	\$275,217,386	560,195,387
Silver dollars.....	188,506,238	7,463,152	53,712,420	249,681,810
Sub. silver coin.....	25,660,935	2,789,514	46,724,208	75,174,657
Gold certificates.....	27,485,804	55,259,260	41,956,345	124,701,409
Silver certificates.....	7,338,432	3,690,225	113,556,445	124,585,102
United States notes.....	29,679,325	73,934,828	249,634,188	353,248,341
National bank notes.....	3,012,335	26,132,330	267,770,209	296,914,874
Fractional (paper) currency.....	5,376	447,833	6,500,493	6,953,702
Total.....	\$557,349,694	\$267,498,547	\$1,055,071,694	\$1,879,919,935

The Director presents comparative tables of the stock of metallic and paper money in France, United States, Great Britain and Germany, per capita:

COMPARATIVE TABLE OF THE STOCK OF METALLIC AND PAPER MONEY IN FRANCE, UNITED STATES, GREAT BRITAIN AND GERMANY, PER CAPITA.

	Gold.	Per capita circulation.			Paper.	Total Metallic and Paper.
		Gold.	Silver.	Total.		
France.....	\$21 05	\$15 53	..	\$36 58	\$14 17	\$50 75
United States..	10 86	5 63	..	16 49	15 37	31 86
Great Britain..	13 88	2 64	..	16 52	5 01	21 53
Germany.....	7 02	4 40	..	11 42	5 47	16 89

From returns received at the Bureau of the Mint, the Director estimates that there has been an increased consumption of gold and silver in the arts during the past year. From the active business in gold and silver bars furnished manufacturers during the first quarter of the present calendar year, it appears that the industrial consumption of the precious metals is on the increase; an indication of prosperity more or less general throughout the country.

The report contains an elaborate review of the production of gold and silver in the various nations of the world during the calendar years 1883, 1884 and 1885, which is summarized as follows:

PRODUCTION OF GOLD AND SILVER IN THE VARIOUS COUNTRIES OF THE
WORLD DURING THE CALENDAR YEARS 1883, 1884 AND 1885.

Calendar years.	Gold.		Silver.		Total.	
	Kilos.	Value.	Kilos.	Value.	Kilos.	Value.
1883 .	144,727	\$96,185,696	2,746,123	\$114,128,507	2,890,850	\$210,314,603
1884 .	153,193	101,812,158	2,788,727	115,899,567	2,941,920	217,711,725
1885 .	159,289	105,862,857	2,993,805	124,422,342	3,153,094	230,285,199

Silver calculated at its coining rate in United States silver dollars.

In addition to the general report, there is a review of the gold and silver production of the individual States and territories by the officers of the mint service and other agents.

The report also contains the usual valuable statistical tables.

This is the second report of Director Kimball on the production of the precious metals. The present report continues the explanation of the method employed, and of the revisions by him made last year in the previous statistics of the same series of reports. Reasons are also set forth for the superiority of this method over any employed by other writers.

THE NEW RUSSIAN LOAN.

The Vienna correspondent of the London *Economist* says: Although industrial shares have also improved, still the high finance of Berlin is chiefly absorbed in operations connected with the Russian loans. The great German firms, unlike English investors, whose patriotism advises them to leave Russian securities alone, feeling themselves more firm in the money market than their French rivals, have taken up a number of Russian emissions. Since the German bourses have taken up the new inland loan, a notice has appeared announcing the conversion of the metal bonds of the Russian Reciprocal Land Credit Union at $4\frac{1}{2}$ per cent. (exempt from all taxes and guaranteed by the State). The firms of Rothschild in Paris and Frankfort, Bleichroder in Berlin, the Discounting Bank in St. Petersburg and the International Commerce Bank, have undertaken the conversion, which is a desirable reform. The Russian Reciprocal Land Credit Bank is founded on the system of the institution of the old Prussian provinces, and all the debtors of the Union are liable for each other. Now, as the bonds are in metal roubles, the debtors have been obliged to pay an exorbitant rate of interest since the depreciation of the paper rouble. The Government, to prevent the Union from collapsing altogether, undertakes to guarantee the bonds, and exempts them from taxes. The rate of interest on the bonds is reduced from 5 to $4\frac{1}{2}$ per cent. and amortization will take place at the rate of 100 per cent., not 125. But every proprietor of 5 per cent. bonds will receive a conversion premium of 16 marks, 17 pf. in cash for every bond. The conversion will be carried into effect between 2nd June and 4th July.

CHINESE CURRENCY.

The earliest trace of a currency in China having a nominal instead of a real value, occurs during the reign of the emperor *Ou-ti*, in the year 119 before the Christian era. It appears that the treasury of that sovereign got into so low a condition, that the expenses of the State exceeded its revenues. He was fortunate, however, in the services of a financial minister whose genius planned and executed a system of nominal currency. This consisted of pieces of deer skin, about a foot square, ornamented with paintings and highly-wrought borders. These represented the value of 40,000 deniers (about £12 sterling), but were only current amongst the *grandees* and at court. Out of them a revenue was collected in a manner characteristic of the people—from time immemorial, every person who is admitted into the presence of the "Sun of Heaven" covers his face with a screen, or small tablet, for he is supposed to be quite unable to bear the blazing light of the emperor's countenance; and at the time we refer to, whoever was honored with invitations to his repasts and entertainments, was obliged to cover his screen with one of these *phi-pi*, or "value in skins," which he was condescendingly allowed to leave behind him. This plan, once set on foot, appears to have been often followed in after years. We find between, and for some time subsequently to, the years 605-617, disorder was prevalent in China to such an extent that the country was nearly without a coinage, and all sorts of things were used as money; such as round pieces of iron, clothes cut up, and even pieces of pasteboard; but it was not till nearly three centuries after, that the history of regular paper money commenced. Hian-tsoung, of the Thang dynasty, whose reign began in A. D. 807, was the founder of banks of deposit and issue; for he obliged rich families and merchants who arrived in the capital to deposit their valuables and goods in the public treasuries, for which paper receipts or acknowledgments were given, and made current under the name of *fei-thsian*, or "voluntary money." Thai-tson, who reigned in 960, adopted the same plan. Between the years 997 and 1022 we find that a paper-money system was established in China, such as is at present followed in Europe—that is to say, the issue of credit papers as currency, without being guaranteed by any substantial pledge or mortgage whatever. These primitive bank notes were called *tchi-tsi*, or "coupons." From that time to the present, bank notes have been in use in China under various names—those current at present being called *pao-tchhao*, or "precious paper money." Thus the Chinese have had a banking system, with all its attendant advantages and evils, in full operation at a far earlier period than any other nation, and bankrupts, forgers, and monetary crises, have been rife in China for ages. We learn from Gutzlaff that many years ago new financial arrangements were made with a view to putting the paper currency on a better footing, but they were much impeded by a low state of public and private credit. Banks, both of deposit and issue, exist in every large Chinese town, conducted by companies or private individuals, who issue *pian-thsian*, or checks—the "precious paper money" being only circulated by the government.

Up to the present the coinage of the Celestial empire has been, to say the least, primitive, the same kind of coins being used now as were current two thousand years ago. The principal currency has been in

small brass coins about the size of a half-penny. These coins are cast in sand, and have each a square hole in the middle by which they are strung together. They have been practically unaltered for ages, and some of them are said to be over two thousand years old. The metal of which these ancient tokens are made is of far better quality than that used now, debasement having been resorted to in order to keep up the size of the currency as metal grew more valuable. The present coinage is of the commonest brass, cast as it always has been. These coins are known as "cash" and their value is one-thousandth part of a dollar English, equal to five shillings. The Chinese have never had any stamped coins of their own, though the Mexican dollar has, to the extent of thousands of tons, been current in that country. For the rest, the currency of higher value than the brass "cash" has been roughly cast silver balls, and small bars which are marked with an assay mark and have no arbitrary value, but are appreciated according to the weight. The Chinese largely import silver from South America for this purpose. The reason for the abundance of the Mexican dollar in the country is that Mexican silver uncoined has to pay an export duty of 10 per cent. Coined, it escapes this duty, and consequently all Mexican silver exported to China has been sent out in the free export form of Mexican dollars. In addition to these forms of currency there are in China different kinds of paper currency issued by the various provinces. For many years the Chinese have been contemplating an improvement in their coinage, but the intense conservatism of the government has prevented any interference with the old forms, and the substitution of stamped for the old cast money has been attended with very great difficulty. For more than twenty years Messrs. Heaton have been carrying on negotiations with the Chinese Embassy for a new coinage, and these negotiations are at last concluded. A contract has been signed to supply within a year from date, ninety coining presses and all the necessary machinery for fitting up a mint in China. This is the largest order of the kind that has ever been given. Its extent may be estimated from the fact that the Royal Mint in London is furnished with no more than sixteen presses, and are of the same kind as those to be sent to China. They are noiseless automatic presses, and are to be capable of producing 2,700,000 coins per day of ten hours. The undertaking which the Chinese Government has entered upon is an enormous one, as there are in China upwards of 400 millions of people, for whom the greater part of the whole coinage has to be struck. The coins which the presses are to produce are the dollar and three sub-divisions, a half, a fifth, and a tenth, in silver, as well as the "cash" or "mils," equal to one-thousandth part of a dollar in rolled brass. The silver dollar is equal in English money to five shillings. The ninety presses are to be ready in a year, but the site upon which the mint is to be erected has not yet been decided upon, the claims of the various provinces having to be considered. Of the 2,700,000 coins which are to be struck per day, 100,000 are to be, if required, silver dollars. The value of the daily coinage in English money is £25,650. It is a curious fact, illustrating the extreme conservatism of the Chinese character, that one of the difficulties that has stood in the way of an earlier completion of the negotiations has been the shape of a hole in the middle of the "cash." Under no circumstances would the Chinese consent to a substitution of a round "string" hole for the square one, which from time immemorial had been in use, and the new coinage—the brass, not the silver—will be struck with a square hole as before. In 1866, Messrs. Heaton struck for Hong Kong, which is a British colony, 80,000,000 of small bronze coins, the metal being the same as in the English penny. These were of the same value as the

Chinese "mils," but being of superior metal were considerably smaller, the weight of each being only one gramme. In addition to this difference they had round instead of square holes in the middle. The consequence has been that the Chinese have always fought very shy of them.
—*London Bankers' Magazine.*

SCARCITY OF SMALL SILVER COIN IN ENGLAND.

The London *Economist* says: The scarcity of small silver coins, to which Mr. Hardcastle directed the attention of the Chancellor of the Exchequer on Monday night, is felt very generally, and it is well that the public should know who are to blame in the matter. It is not that there is any deficiency of supply. At present the amount of shillings and silver coins of smaller denominations held by the Mint and the Bank of England respectively are: In the Mint, £34,413; in the Bank of England, £264,600: total, £299,013. Sixpences: In the Mint, £31,004; in the Bank of England, £10,900; total, £41,904. So that there are shillings of the value of nearly £300,000, or 6,000,000 pieces, and sixpences of the value of £42,000, or 1,680,000 pieces, ready for immediate issue. And, theoretically, there should be no difficulty in getting as much of this supply as is needed into circulation. The arrangements for its issue were stated by the Chancellor of the Exchequer to be as follows: Silver coin is not issued by the Mint direct to the public, but is passed into circulation in England and Wales through banks. Every country banker has a banker who is his agent in London, and every London banker has an account at the Bank of England. If in any district there is a deficiency of silver coin, the bankers of the district are the first to find it out. They write to their London agents, who obtain what silver coin is required from the Bank of England, and send it to the country bankers. If there is a deficiency in London, the London bankers can, of course, make direct application to the Bank of England for the amount they themselves require. When the stock in the Bank of England becomes diminished, the bank makes application to the Mint, and supplies of coin of any denomination can be obtained. In practice, however, the arrangement does not work so smoothly as in theory it appears to do. Bankers are not very partial to small silver, because it takes a good deal more handling than coins of a larger denomination. They rather discourage its circulation. They do not, of course, refuse to supply it, but there is often a difficulty in getting it from or through them. A remedy for this might be to permit private persons to apply direct to the Bank of England for small change, instead of insisting that application must be made through a banker. As, however, the Chancellor of the Exchequer has promised to communicate with the Chairman of the Committee of London Bankers and with the President of the Country Bankers' Association, and invite their co-operation in meeting the public requirements, it may be well to wait until the result of this appeal is seen before taking any further action. Meanwhile, the public should note the Chancellor of the Exchequer's intimation that they can get whatever amount of small coin they need if they will only insist upon their bankers supplying them.

SATURDAY HALF-HOLIDAY.

The Mercantile National Bank of New York, anticipating inquiries, in addition to those already made as to the effect of the recent amendments of the holiday law of New York, has submitted to their dealers their interpretation of the act appointing the Saturday half-holiday, and of the amendment thereto, which is herewith given.

Interpretation.—Observe that the old law will always determine the requirements of demand, protest and notice as regards bills, checks and notes made before May 6, 1887; possibly for all made before May 16th. As regards the presenting for payment, and for acceptance and giving notice of the dishonor of bills of exchange, bank checks and promissory notes, made on and after May 16th (possibly after May 6th), but prior to May 25, 1887, observe that: On Saturday forenoon (unless a whole holiday) demand and protest may be made and notice given. Notarial and other presentation on any Saturday must be made prior to 12 M. Failure to demand, protest and give notice on any Saturday will necessitate demand, protest and giving notice on the following business day; not sufficient in such case to give notice on the day thereafter. Friday, if a holiday, paper then maturing is payable Saturday forenoon. Saturday, if a whole holiday, paper then maturing is payable the following business day. Sunday, if the last day of grace, paper then maturing is payable Saturday forenoon prior, or Friday if Saturday is a whole holiday. Paper maturing Sunday, *without grace*, is payable the following business day. Any whole holiday (other than Sunday), paper then maturing is payable the following business day.

Under amendment of May 25, 1887.—As regards the presenting, etc., of bills of exchange, bank checks and promissory notes, made on and after May 25, 1887, observe that: Saturday forenoon (unless the Saturday is a whole holiday) is for these a business day in respect only of bank checks; and of bills of exchange and promissory notes payable at sight or on demand, and no others. Failure to demand, etc., will necessitate demand, etc., as above. Notes and bills of exchange (made on or after May 25th) unless payable at sight or on demand, which mature on any Saturday, or Sunday or other holiday, are declared to be payable on the following business day. Bank checks made payable at a future date, maturing on Saturday, are payable before 12 M.

Instructions to Teller.—Pay no checks after 12 M., unless payment is made direct to drawer. Pay no notes or acceptances after 12 M., except those undoubtedly made prior to May 16, 1887. Submit to the office any notes or acceptances which appear to have been made between May 6th and 16th if presented after 12 M. Pay no notes or acceptances made on or after May 25, 1887, at any hour of the day, unless payable at sight or on demand. To ascertain the date payable of an acceptance: If the stated terms of the bill of exchange be after date the law applicable will be determined by the date of issue of the bill; and if the said stated terms be after sight, then by the date of the acceptance. For the preservation of friendly relations between the bank and its dealers, submit to the office, if in doubt, items to be *refused* under above instructions. The apparent date of paper is not absolute assurance as to the actual date on which it was made.

MERCHANTS BANK OF CANADA.

At the last annual meeting of this prosperous institution, the general manager, Mr. George Hague, said in his address to the stockholders: "The Bank is gathering about it a circle of customers with whom it is satisfactory to do business, who not only borrow the bank's money, but use it to make money for themselves, and repay it when due. With customers of this class it is a satisfaction to do business; for the profit made by the bank on transactions has been made out of their profit, and not out of their capital; still less has an anticipated profit turned into a loss. For the first loss of a bank is the loss of all the profit on an account, and afterwards more or less of the money advanced. It must be confessed that all banking profits are not of a satisfactory nature. It is not pleasant to think that the money we have lent a man has been the instrument of his ruin, even if we recover it. Neither is it satisfactory when the borrowings of a man are so large, in proportion to the extent of his business, that it takes most of his profits to pay the interest on his loans. The lasting prosperity of a bank is founded upon transactions with the class of customers first spoken of, and the judgment of a banker is to sift such out of the mass of people who offer him their business.

Looking back upon our own business, I think the greater part of the money earned on the loans of the year has been of this satisfactory character. We have realized, on the whole, a fair amount of profit. You have got 7 per cent. of it. The balance has gone to build up the Rest. That fund is growing, and I trust will continue to grow, for we will not be satisfied until it has passed \$3,000,000. Even then we ought to have a reserve of undivided profits to fall back upon. But all this will take time. A period of keen competition in banking has set in, and profits are cut down to a finer point than is reasonable. I have no hesitation in saying this. At present we do much business for nothing. It may be said that the public gets the advantage of this, just as it does when competition reduces the price of commodities. But this is not an unmixed good. "Live and let live" is a motto that will wear. It is better in the end for men to pay their bankers a reasonable sum for service rendered. Good relations are established between them, which are invaluable in times of difficulty. It is not worth while for any man to disturb relations on which his commercial existence may at some time depend, for the sake of saving a few dollars per month."

In closing he referred to the distribution of a bonus among the employees, and he said: "We have thirty-eight of these in superior positions, *i. e.*, either as managers, assistant managers, or inspectors. In addition to these, we have one hundred and eighty-two officers occupying positions behind the counter as accountants, tellers, etc. The bank has in them a conscientious and faithful body of servants. The bonus lately distributed was on the principle that the officers should have some share in the prosperity of the bank. I took none of it for myself; but it was a pleasure to distribute it to others, and it would be an increasing pleasure, year by year, if our profits admitted of an annual distribution. I am sure it would gratify the stockholders as much as it would our officers; for the latter could not receive a bonus unless the profits were satisfactory to the shareholders themselves."

STATEMENT OF THE BUSINESS OF THE POST OFFICE SAVINGS BANK, CANADA, YEAR BY YEAR, FROM 1ST APRIL, 1868, TO 30TH JUNE, 1887.

PERIOD	Number of Post Office Savings Banks at close of period.	Number of deposits received during period.	Total amount of deposits received during period.	Average amount of each deposit received during period.	Number of withdrawals during period.	Total amount withdrawn during period.	Average amount of each withdrawal during period.	Number of accounts opened during period.	Number of accounts closed during period.	Number of accounts remaining open at close of period.	Total Expenses of Management, including Salaries, Compensation to Postmasters, Stationery, &c.	Average cost of each Transaction, viz.: of each Deposit or Withdrawal.	Percentage of Cost of Management to Depositors.	Losses sustained.	Interest allowed to Depositors.	Total Amount standing to the credit of all Open Accounts, inclusive of Interest allowed, at close of period.	Average amount standing to credit of each Open Account at close of period.
Three months ended 30th June, 1868	81	3,247	212,527	65.44	166	8,857.48	53.35	2,146	44	2,102	8,186.43	0.21 4-10	0.67	.....	930.37	204,688.99	97.33
Year ended 30th June, 1869	211	16,653	927,885	55.71	4,787	266,724.35	61.90	6,429	1,319	7,212	5,868.14	0.23 4-10	0.51	.....	21,024.73	856,814.26	118.80
Year ended 30th June, 1870	226	24,904	1,347,901	53.93	9,478	664,724.35	70.11	7,823	2,857	12,178	8,128.12	0.20 5-10	0.44	.....	48,689.78	1,385,448.83	130.41
Year ended 30th June, 1871	230	33,356	1,817,576	57.66	15,428	1,293,353.86	72.10	9,424	4,449	17,153	11,108.40	0.20 5-10	0.39	.....	84,973.68	1,497,159.63	145.59
Year ended 30th June, 1872	233	39,489	2,261,611	57.27	20,325	1,571,625.10	81.31	10,861	6,949	21,050	12,242.34	0.20 5-10	0.47	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1873	239	44,113	2,366,918	51.04	22,150	1,571,625.10	81.31	10,861	6,949	21,050	12,242.34	0.20 5-10	0.45	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1874	258	45,355	2,340,284	51.63	24,248	1,571,625.10	81.31	10,861	6,949	21,050	12,242.34	0.20 5-10	0.45	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1875	268	48,568	1,942,346	45.69	24,637	2,041,879.04	86.84	12,048	10,668	24,668	14,442.71	0.20 5-10	0.45	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1876	279	38,047	1,726,204	44.66	23,377	1,783,257.97	77.11	12,218	10,957	24,454	14,442.71	0.20 5-10	0.45	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1877	287	36,126	1,521,000	42.10	21,643	1,525,682.95	70.49	8,697	8,314	24,074	14,442.71	0.20 5-10	0.45	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1878	295	40,097	1,724,371	43.00	21,603	1,475,048.79	69.55	10,658	8,337	25,553	15,000.00	0.20 5-10	0.45	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1879	297	43,349	1,671,243	45.52	22,368	1,475,048.79	69.55	10,658	8,337	25,553	15,000.00	0.20 5-10	0.45	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1880	297	56,031	2,704,216	48.55	26,043	1,850,213.10	69.89	10,658	8,337	25,553	15,000.00	0.20 5-10	0.45	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1881	304	71,747	4,175,043	58.19	28,368	2,072,269.15	73.56	18,671	10,467	31,305	19,341.14	0.20 5-10	0.49	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1882	308	97,380	6,435,966	66.09	35,859	3,461,619.31	90.53	25,778	13,020	51,493	23,243.99	0.23 2-10	0.37	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1883	330	109,480	6,826,266	62.35	45,253	4,730,995.39	104.54	27,727	17,511	61,459	29,245.68	0.21 9-10	0.31	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1884	343	160,383	6,441,439	58.88	50,714	5,793,031.84	97.01	27,591	20,939	68,682	31,168.03	0.20 6-10	0.26	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1885	355	116,576	7,068,450	60.80	50,714	5,793,031.84	97.01	27,591	20,939	68,682	31,168.03	0.20 6-10	0.26	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1886	392	126,372	7,645,227	60.52	52,205	6,183,470.60	90.40	29,103	21,555	70,870	41,338.11	0.21 9-10	0.24	.....	161,744.35	1,659,400.01	147.04
Year ended 30th June, 1887	415	143,076	8,272,041	57.81	65,853	6,626,067.51	100.62	31,874	23,385	90,159	43,661.25	0.20 9-10	0.22	.....	161,744.35	1,659,400.01	147.04

The fluctuations in the expenses of management, and the average cost of each transaction—where not explained by variations in the amount of business and the number of transactions—are mainly attributable to payments in one year for services not wholly chargeable to that year.

The total cost of maintaining the Post Office Savings Bank, including interest allowed to depositors and all expenses of management, averages about 4 1-10 per cent. on the average Savings Bank balance in the hands of the Government.

(a) The result of burglaries at Lachute, Markdale, Newboro' and Peterboro'.

Post Office Department, Ottawa, 16th July, 1887.

J. C. STEWART, Superintendent Savings Bank Branch.

PAY THE DEBT.

The tenor of the administration and of public sentiment is to legitimately restrict the operations of the Government; to involve it in no new or hazardous enterprises calling for public funds; to maintain peace with all nations, relying upon the spirit of patriotism and national unity of a people now rising sixty millions in population—the richest, strongest and most united nation in the world—rather than upon fortifications and idle armies as security for its national peace; to meet promptly the expenses of a past internal strife, including pension bounties and all just claims; and to apply the swelling balances of the national treasury to the immediate extinguishment of the public debt.

The United States is the only Government in the world that pays its debts at a premium. After the Mexican war the Government bought up its bonds—some of which had sold at a discount—in open market at the current rate of premium, and July 30, 1853, an offer was made to purchase loans not falling due until 1867 and 1868, at twenty-one per cent. premium. Up to 1857 the Government paid eight millions premium in redeeming fifty-three millions of debt.

Since the war the Government has had two and a half billions of debt to readjust, and in refunding this debt it has been able to so arrange it as to make it within the power of the Government to pay a large proportion of it at will.

Now rises the question of paying the last billion of the debt, one-quarter of which, running at four per cent., does not fall within Government control as to payment until 1907. We speak of the debt of the United States as in round numbers one billion dollars; but is this really all? Does not the Government owe the interest as well as the principal? The Government is not a trading or mercantile institution. It has not even the advantage of an investor, who, with a loan running at a low rate of interest and on long time, can take advantage of a higher outside rate to make temporary profitable investments. Here is really what the Government owes—

Rate.	Principal.	Years to Run.	Interest to Redemption.
Four and a half per cents.....	\$250,000,000	4	\$45,000,000
Four per cents.....	738,000,000	20	590,000,000
Totals.....	\$988,000,000		\$635,000,000
Principal owed.....			\$988,000,000
Interest to accrue.....			635,000,000
Total to pay.....			\$1,623,000,000

It will readily be seen from this table that the main problem lies in the \$738,000,000 of four per cent. bonds which have twenty years to run, and upon which the Government is under contract to pay \$590,000,000 of interest, or eighty per cent. upon each bond.

Elsewhere in this volume we present for a series of years full statistics of the Government surplus, its revenues, appropriations and expenditures, and from these it may be seen that the Government surplus averages \$101,000,000 a year. In the last seven years it was \$707,000,000. A surplus of about \$100,000,000 must accumulate each year under existing laws. This is more than one-tenth of all the money in the hands of

the people. Congress has provided for a sinking fund in which about \$50,000,000 of this surplus must be invested by purchase of bonds. Future reductions in revenue may reduce the other half of the surplus, but so long as it accumulates it must be put back into the channels of business; and there are only three ways for this: distribution by gift, distribution through Government works, or distribution by payment of the debt before maturity. Our policy is, and will continue to be—Pay the debt.

It should not be forgotten that each \$1,000 four per cent. bond represents a Government debt of \$1,800, or eighty per cent. of interest as well as the principal; and any less price to the Government is interest discount, of which the Government has the advantage when purchasing its bonds in the open market. Not until Government bonds sell above principal and interest can the Government be a loser by their purchase for the sinking fund or for debt cancellation.—*Maverick National Bank Manual.*

THE COTTON CORNER.

The corner in cotton appears to be yielding to natural conditions that are beyond the control of speculators. In this respect it resembles the Harper deal in wheat and the corners in coffee, prunes, and Ohio blackberries. But while the operations of speculators in those products caused very little injury either to the consumer or to the nation's foreign trade, this corner in cotton has affected our exports in a deplorable manner. The wheat deal temporarily closed several flour factories and slightly reduced the quantity of flour exported. It also appreciably cut down our exports of wheat at a time when the outward movement should not have been restrained. But the disastrous failure of the ring opened the gates, and the large exports of the last three or four weeks will go far to make good the shortage.

The effect of the cotton corner upon our foreign trade is very clearly shown by official reports. From the monthly summaries of exports published by the Treasury Department we take the following figures exhibiting the value of the cotton exported in the last three months as compared with the value for the corresponding months of 1886:

	1886.	1887.
April.....	\$15,234,589	\$9,543,409
May.....	13,699,916	3,453,629
June.....	11,176,359	2,074,417
Total.....	\$40,110,864	\$15,071,455

That is to say, the advance in the price of cotton due to the operations of a ring of speculators has so checked the outward movement of cotton from our ports that since April 1 the nation has lost the sale of \$25,000,000 worth of that staple in foreign markets. The decrease in May, as compared with April, was 63 per cent, and the decrease in June as compared with April was 78 per cent. If we compare the exports of June this year with those of June, 1886, the loss is 81 per cent. The effect of this corner upon the cotton manufacturers of England has been so great that they have undertaken to cut down production in their mills until the market for raw material shall be more favorable. The loss of \$25,000,000 of foreign money which would have come to this country in exchange for cotton if the natural conditions of trade had not been disturbed, is a matter of considerable importance to us. Corners made in wheat in years past induced Great Britain to develop the soil of

India as a source of supply, and encouraged other countries to compete with us in the European wheat market. Will not such corners in cotton as this force European buyers to develop other cotton regions to our loss? High and sharply fluctuating prices for the American product are just what Russia needs for the encouragement of cotton culture in the region recently opened by the Transcaspian Railroad, where even now large sums are being invested in this industry.

When the ring began its work in March the price of cotton here was about 9 cents. In the face of reports promising that the new crop would be large, this price was raised by manipulation until it was a little more than 11 cents in May. In June there was a slight decline. At the beginning of July the price of cotton for August delivery was still a little more than 11 cents. Since that time the decline has been continuous. On the 5th the price for August was 10.76, on the 13th it had fallen to 10.21, and on yesterday it was carried down to 10.07. So that already about one-half of the advance has been lost. The decline has been caused in part by the failure of the Galveston firm whose junior member has been one of the leaders of the ring. The punishment of this firm will excite no pity. It has been caused in part, also, by official reports concerning the new crop, which may be the largest ever gathered in the United States.

Whatever shall be the fate of the manipulators, it is reasonably clear that by their attempt to make fortunes out of the necessities of the people they have temporarily, at least, deprived the United States of the benefit which would have been gained by the sale of \$25,000,000 worth of cotton abroad, and have embarrassed home manufacturers by the unnatural elevation of prices.—*New York Times*.

THE GOVERNMENT ENGRAVING ROOM.

Hardly a word is spoken in the large engraving room where the dies are made for the Government securities. It is an immense room in the Bureau of Engraving and Printing, with as broad and clear a space as if intended for a dancing hall. A row of windows close together looks out upon the lawn. At each window is a man, with a screen to keep the light out of his eyes, stooping with his head close down to a little bench. He is looking intently at something with a glass up to one eye, and with his right hand he is working at something slowly and with great care. For hours these men stay in this position without looking up and without speaking. They are engaged in drawing on plates of polished steel with pencils as hard as diamonds. Their nerves are as steady as the steel. Among them are reckoned some of the finest engravers in the world. They all hold the highest rank as experts.

The Bureau of Engraving and Printing is one of the most interesting to visitors of all the Government offices and workshops. Even the great vaults of the treasury, overflowing with surplus, contain nothing of as great value as some of the bits of steel upon which have been traced rare works of art. These are the steel plates from which are printed treasury notes, silver and gold certificates, and bills of all denominations, and Government bonds. In the vaults there are kept the plates for every bank note, treasury note, and every other form of security that has ever been issued by authority of the Government. And they can give you the history of each from the day it was first conceived

giving the name of every man who ever laid hands on it, and how and when and why he touched it. If any of these plates should be stolen, there might be printed from them notes or bonds representing money to an incalculable amount.

These plates are surrounded with impenetrable safeguards. The large room, nearly the full length of the building, is occupied by only the engravers at the windows, Mr. O'Neil, the chief engraver, and the custodian. On one side of the room is a railing and wire screen, such as are seen in banks, behind which are the desks of Mr. O'Neil and his bookkeeper. On the other side of the room, at the door of the vault, is a similar enclosure, where sits the custodian of the plates, dies, rolls, and other property. When the chief engraver comes in the morning he makes a requisition upon the custodian for such of these precious bits of steel as he wants. Each piece has its name or designation, whether it is a bit of lathe work, a vignette, or an entire plate, and when they are surrendered to the chief engraver upon requisition, an entry is made on the books of the custodian. The bookkeeper or custodian for Mr. O'Neil makes an entry on his books also, to show what he has received. Then, as the engravers want the different pieces of work, a similar account is kept with them, and no man can leave the room until the books show that every piece or engraving that he had in his possession has been returned and he has a note from the chief engraver to show that such is the case. The watchman would not let them out of the building without this. When a bell sounds at noon the engravers go to lunch, but not outside the building.

When the work is over for the day the accounts between the chief engraver and his subordinates are balanced, to show that each has returned all the work placed in his custody. The rolls and dies and plates are returned by the chief engraver to the custodian from whom he got them, and if no piece is missing his requisition is returned to him and the property locked in the vault for the night. Should it ever happen that anything was missing, even if it were but the smallest fragment of engraving, no one would be permitted to leave until it was found. A complete record is thus kept of every piece, so that you can tell just where it was at any time, how long it was in any one's custody, and what he had it for.

"We know," said Mr. O'Neil to a *Star* reporter to whom Chief Graves had extended the freedom of the building, "we know that whatever may be said about counterfeits being printed from Government plates, that there never was one so printed. There never was a plate stolen. There is no plate that has ever been made that is not in the vault there, and every one can be accounted for for every minute of time. You cannot name a little out-of-the-way national bank but that we have the plate for its notes in that vault, and can tell you all about it, from the name of the men who worked on it to everybody who has ever touched it at any time."—*Washington Star*.

MR. JOHN C. SIMONDS, who has recently graduated from Yale University, has been elected cashier of the First National Bank of Charleston. Banks rarely start out beginners in this way, but his father, Dr. Andrew Simonds, is well known as one of the most successful bankers in the South and has a large pecuniary interest in the institution of which he is president. It is a happy event to have a son who, so young in years, is deemed worthy of a place of so much responsibility. As the vice president is Andrew Simonds, Jr., the Simonds family is strongly represented in the bank.

ECONOMIC NOTES.

THE NEW BRITISH COINAGE.

For the past fifty years the effigy of Queen Victoria on the coin has represented a maiden of about eighteen summers. Her Majesty, however, has had a new die prepared for all her coins; and, while the portrait is an idealized rather than an accurate one, it is not wholly out of keeping with the facts. In the new effigy the Queen appears crowned and veiled, wearing the ribbon and star of the Garter and of the Victoria and Albert Order. The standard coin, the pound piece, is generally known as a sovereign, yet it is one of the few coins on which the sovereign herself is not portrayed. In place of her effigy appears St. George on horseback spearing the dragon. This same design is to be used on the five pound piece, the double sovereign and the crown piece, all of which are coined in very small quantities.

RICHMOND CURRENCY.

Able lawyers are said to be involved in some of the knottiest legal points of the day, arising from the suit brought against the city of Richmond for notes issued as currency during the war. It is a matter of interesting history that in the years 1861 and 1862 the city of Richmond, feeling the pinch of war times, issued as currency a large number of small notes of the denominations of \$2, \$1, 50 cents, 25 cents and 10 cents. The aggregate amount of these notes was about \$500,000. A number of suits have been brought against the city by some enterprising parties who gathered up all these notes. The city undoubtedly pledged itself to pay these notes, but they were issued while the Confederate Government was in existence, and that was an unlawful Government—or held by the United States Government to be no Government at all. These notes were used in the payment of taxes to the Confederate Government and passed current throughout the Confederacy. Soon after the war ended many of them were gathered together as curiosities, but latterly it may be that they had something to do with the sudden speculation in Confederate money.—*Stockholder.*

MEXICAN REVENUE.

Senor Dublan, minister of finance in Mexico, says the revenues for the current fiscal year (June 30, 1887, to June 30, 1888,) will largely exceed those of the previous year, and from internal revenue alone he estimated a gain of \$2,000,000. The customs revenues were likely to improve by reason of the reforms in the tariff schedule, which were highly approved by the mercantile community. The budget for the current fiscal year was, apparently, a heavy one, but only apparently, for it was this year decided to make the budget expenditures take the fullest possible amounts, as estimated in several departments of the Government, but with the purpose distinctly in view to keep those expenditures down to the lowest possible point. For example, there was an increased estimate for the war department of about \$2,000,000, but this sum would not be spent, as the government had already entered on the policy of reducing military expenditures, which policy would, at the close of the year, cause a decided saving to be shown. The same might be said of all the other departments where the budget had been increased, for the government was pursuing a policy of retrenchment in every direction. There could be no doubt of the revenue for the current fiscal year meeting all expenses without any deficit resulting.—*Stockholder.*

WHEAT AND THE WORLD.

Could imperial Rome have only grown sufficient wheat in Italy to have fed her legions, Cæsar would still be master of three-fourths of the earth. Rome thought more in her latter days of grapes, and oysters, and mullets, that change color as they die, and singing girls, and flute playing, and cynic verse of Horace—anything rather than corn. Rome is no more, and the lords of the world are they who have mastership of wheat. We have the mastership at this hour, by dint of our gold and our 100-ton guns, but they are telling our farmers to cast aside their corn and to grow tobacco and fruit and anything else that can be thought of in preference. The gold is slipping away. These sacks in the market, open to all to thrust their hands in, are not sacks of corn, but of golden sovereigns, half sovereigns, new George and the dragon, old George and the dragon. Sydney Mint sovereigns, napoleons, half napoleons, Belgian gold, German gold, Italian gold, gold scraped and scratched and gathered together like old rags from door to door. Sacks full of gold, verily I may say that all the gold poured out from the Australian fields, every pennyweight of it, hundreds of tons, all shipped over the sea to India, Australia, South Africa, Egypt, and, above all, America, to buy wheat. It was said that Pompey and his sons covered the great earth with their bones, for each one died in a different quarter of the world, but now he would want two more sons for Australia and America, the two new quarters which are now at work plowing, sowing, reaping, without a month's intermission, growing corn for us. When you buy a bag of flour at the baker's you pay fivepence over the counter, a very simple transaction. Still you do not expect to get even that little bag of flour for nothing; your fivepence goes over the counter into somebody else's till. Consider now the broad ocean as the counter, and yourself to represent thirty-five millions of English people buying sixteen, seventeen, or eighteen million quarters of wheat from the nations opposite, and paying for it shiploads of gold.—*The English Illustrated Magazine.*

OUR FOREIGN WHEAT TRADE.

A review of the export movement of wheat during the past fiscal year, says the *Daily Indicator*, shows very conclusively that this country is in no danger of losing its foreign market for wheat for some time to come. In fact, our exports of wheat during the year ended June 30, 1887, have rarely been equaled in the history of the country. In only four years have the exports of wheat been larger than those of last year, while the exports of flour were the largest ever before reported. The following table shows the amount of wheat and flour exported each year since 1873:

Year ended June 30.	Wheat, flour, Bushels.	Wheat, flour, Barrels.	Year ended June 30.	Wheat, flour, Bushels.	Wheat, flour, Barrels.
1874.....	71,039,928	4,091,094	1881.....	150,565,477	7,945,786
1875.....	53,047,175	3,951,086	1882.....	95,271,802	5,915,686
1876.....	55,073,122	3,935,512	1883.....	106,385,828	9,205,664
1877.....	40,325,611	3,348,665	1884.....	70,349,012	9,152,260
1878.....	72,404,961	3,947,333	1885.....	84,653,713	10,648,145
1879.....	122,353,936	5,629,714	1886.....	56,764,834	8,072,293
1880.....	153,252,795	6,011,419	1887.....	100,809,212	11,328,872

The exports of wheat were 44,000,000 bushels larger than in 1886, 16,000,000 bushels larger than in 1885, and nearly 30,500,000 bushels larger than in 1884. They are in excess of any previous year, excepting only 1883, 1881, 1880 and 1879. The flour exports, however, make the best showing, and they indicate that we are steadily gaining in this branch of our trade. The proportion of flour to wheat exports has been about doubled in the last five years. From 1874 to 1882 the ratio was from 4

to 8 per cent., while since 1882 it has been from 9 to 14 per cent. Our flour exports last year were nearly double those of 1879 and 1880, when our wheat exports were enormous. Compared with 1879, we shipped last year over 25,000,000 bushels of wheat in the shape of flour more than we did then. That it is more profitable to ship flour than wheat goes without saying, and therefore it is a matter for special congratulation that our flour export trade has grown to such large proportions. The effect of the increase in flour exports will be more clearly shown by giving the total exports of wheat and flour, the latter figured into bushels, for the years mentioned. They were as follows:

<i>Year ended June 30.</i>	<i>Wheat & Flour, Bushels.</i>	<i>Year ended June 30.</i>	<i>Wheat & Flour, Bushels.</i>
1874.....	89,449,851	1881.....	186,321,514
1875.....	70,827,062	1882.....	121,892,389
1876.....	72,782,926	1883.....	147,811,316
1877.....	55,394,603	1884.....	111,534,182
1878.....	90,167,954	1885.....	132,570,365
1879.....	147,687,649	1886.....	93,090,152
1880.....	180,304,180	1887.....	151,789,136

In only two years have the exports of wheat and flour equaled those of the past year. In 1880 they were 28,500,000 bushels larger, and in 1881 34,500,000 bushels larger. In 1887 the exports were larger than for any previous year since 1881. A comparison of the exports of the two years, 1886 and 1887, with those of the years 1878 and 1879 will suggest that our wheat trade is following the same course it did in the eventful period of 1879 to 1881, and we will not be surprised to see the current fiscal year beat the record of both 1880 and 1881. We have a good crop coming in, and low prices are prevailing, so a big foreign movement would seem to be assured. A wheat boom in the stock market seems at this time to be not unlikely.

NEW YORK REAL ESTATE ASSESSMENT.

New York has made a great gain in valuation during the past year: the total increase being \$86,672,377, \$50,550,784 of which is in real estate. Last year the increase did not come up to \$50,000,000, \$36,000,000 being in realty. The *New York Times*, referring to the growth of the metropolis, remarks:

"There has been no year since 1880 in which the increase in the assessed value of property has not exceeded \$40,000,000 over that of the year preceding. The total increase for the last six years has been about \$330,000,000. The bulk of this increase has been in real estate. The assessed value of real estate in 1881 was \$976,735,199. This year it is \$1,254,491,849, an increase for six years of \$277,756,650. The increase in the valuation of personal property has been comparatively small and irregular, and in 1882 there was a decrease of nearly \$12,000,000. This was of course due to no actual decrease or failure to increase, but to imperfect assessment. The increase of \$36,000,000 and more this year is quite unexampled. The total valuation of all property in the city, which in 1877 was \$1,100,000,000, is now in excess of \$1,500,000,000; an average increase of \$40,000,000 for ten years, in spite of the fact that from 1877 to 1878 there was an actual decrease reported."

New York does not hunt after personal property, as is the practice of assessors in Boston, and something of the prosperity of the metropolis is due to that cause. The assessment of real estate there amounts to \$1,254,000,000 while the total of personal property assessed is less than \$254,000,000. The *Times* says there is little doubt that \$1,000,000,000 of personal property escapes direct taxation altogether. These figures afford an adequate idea of the wealth of the metropolitan city of the country.—*Boston Transcript*.

ITALIAN CO-OPERATIVE BANKS.

Some interesting and suggestive information will be found in a recent British Foreign Office trade report on the system and working of co-operative people's banks in Italy. There were 316 of these institutions in operation in 1884, and 107 new ones are stated to have been started in 1885. The smaller number had a paid-up capital of 55¼ lire, and about 200 million lire of deposits in one form or another. They appear to do a profitable business, partly at least on the mutual principle, and have done not a little to lower the charges for interest which used to prevail in Italy, especially in the south, and grind the agricultural population down.

PRISON LABOR IN GERMANY.

Complaints of competition of prison laborers are common in Germany, where the labor of prisoners is farmed out by the government. Of 26,051, prisoners in Prussia liable to hard labor, 17,636, or 73 per cent., were let out. Of the remainder 6,182, or 25½ per cent, were employed in and about the prisons. Most of the prisoners employed outside are engaged in manufacturing industries. Only a small percentage are employed in agricultural or other outdoor work. This kind of labor is cheap. The contractor feeds the prisoners, and in addition pays the government a sum varying with the kind of employment, but generally ranging from 3d. to 6d. per head per day.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE

I.—IS CHECK ASSIGNMENT OF DEPOSIT? RIGHTS OF CHECK HOLDER AND DUTY OF BANK WHERE CHECKS IN EXCESS OF DEPOSIT ARE PRESENTED TOGETHER. LAW OF ILLINOIS.

1st. What is the liability of a bank on the refusal to pay a check on which payment is stopped by the drawer, and which check has been endorsed by the drawee to third party for value?

2d. Has a bank the right to refuse payment on one check and pay another later on same day when the drawer has no funds to his credit, but the bank is paying against collaterals the avails of which may subsequently pass to the credit of the drawer?

3rd. In case of several checks of the same drawer contemporaneously coming through the clearing-house and the bank on which they are drawn has sufficient funds to pay part only, could the bank discriminate in favor of one or more checks without becoming liable for all?

REPLY.—1st. The first inquiry involves the controverted question, familiar to our readers, as to whether the giving of a check works an assignment of the drawer's deposit, and as to whether the check holder has the right to sue the drawee upon the check before acceptance or certification thereof. The better rule, and the one generally adopted throughout the United States and in England, and followed in the United States Courts (see *Bank v. Millard*, 10 Wall, 152; *Bank v. Whitman*, 94 U. S., 343) is, that the giving of a check does not work such an assignment, and that the check holder has no

right of action whatever against the bank, until the check has been certified or otherwise accepted. This proceeds upon the theory that a bank deposit is really nothing more than a debt due from the bank to its depositor; and that until certification or acceptance, there is no privity of contract between the bank and a check holder, and the bank owes no duty to anybody but its depositor. We consider this rule founded not only upon sound legal reasons, but upon correct views of commercial convenience.

It is a necessary consequence from this rule, and from the relations between a bank and its depositors, that payment of a check may be stopped by the drawer at any time before certification or acceptance; and the bank, which refuses to pay a check under such circumstances, will be under no liability to the check holder. Indeed, it would be under no liability to him, even if the refusal to pay, as between the bank and the drawer, were without orders and wrongful; and it makes no difference who the check holder may be.

The foregoing we think the correct answer to the first inquiry; but it would appear that, under the rules of law adopted by the courts of Illinois, from which State the inquiry comes to us, the answer should be different.

We understand it to be held in Illinois that when a depositor draws his check on his banker, who has funds to an equal or greater sum than his check, it operates to transfer the sum named to the payee, who may sue for and recover the amount from the bank after a presentment and refusal to pay the check. (*Munn v. Burch*, 25 Ill., 35; *The Chicago Marine and Fire Ins. Co. v. Stanford*, 28 Ill., 168; *Bickford v. First National Bank*, 42 Ill., 238; *Brown v. Leckie*, 43 Ill., 497.) And it was further decided in *The Union National Bank v. The Oceana County Bank*, 80 Ill., 212, that this right of action passes with the check to each subsequent holder thereof, and that after the check has passed into the hands of a bona fide holder, it is not in the power of the drawer to countermand the order of payment. Under these decisions, if the bank had funds sufficient to pay the check when the same was presented, and the third party who held it was a bona fide holder for value, the order to stop payment was ineffectual, and the bank became and remains liable to the check holder for the amount of the same.

2d. The second question is not clearly stated. Of course the rights of the holder of the check, payment of which was refused, were fixed at the time of its presentment. Under one rule of law he would have acquired no rights against the bank; under the other he may have acquired such rights; but of course those rights would not be affected, either one way or the other, by the subsequent conduct of the bank later in the day in respect to other checks.

If the inquirer intends to ask whether a bank, having properly or improperly refused to pay a check of its depositor, has a legal right to make an arrangement with him, upon a deposit of collaterals, to pay his subsequent checks, there being no funds to his credit on the books of the bank, there can be no question of its legal right so to do. (*Daniel on Negotiable Instruments*, § 1,630; *Mahoney Mining Co. v. Anglo-Californian Bank*, 104 U. S., 192.) Such arrangements are very common in banking, especially for temporary purposes; and, under them, the payment of each check by the

bank amounts to nothing more than a loan of so much money to the depositor, upon the security of the collaterals deposited.

If the inquirer intends to ask whether, if there were no funds to the credit of the drawer at the time of the presentment of the check, payment of which was refused, so that, under the law of Illinois, the check holder, for want of such funds, acquired no right of action against the bank, such a right was subsequently given him by the arrangement made later in the day between the drawer and the bank; we have no hesitation in answering in the negative. The check holder had no property in the collaterals subsequently deposited, and the arrangement between the drawer and the bank would be only an agreement for the making of future loans by the bank on its customer's over-drafts, in which the check holder had no interest whatever.

3d. Upon the question raised by the third inquiry there appears to be no decided case. If our theory of the law is correct, the bank could discriminate between the check holders with entire impunity; but what the courts of Illinois may decide upon it is, as yet, matter of conjecture. Daniel lays it down, on the authority of the case of *Dykers v. Leather Man. Bank*, 11 Paige, 611 (see *Negotiable Instruments*, § 1,617), that when a number of checks are presented at once and their gross amount is beyond the funds of the drawer, the bank is not bound to pay any of them; but it is said in *Parsons on Notes and Bills*, p. 78, that if "in such a case the bank choose to pay the first in date it would be difficult to see on what ground either the drawer or the holders of the others could complain"; and Daniel thinks that "it seems but right to let priority of date decide where there is no priority of presentment." Chancellor Walworth said in the case of *Dykers v. Leather Man. Bank* above cited: "It would be utterly impossible for banks in New York to do business if they were obliged, at their peril, to settle the conflicting claims of the holders of checks as to rights of priority arising from the time of drawing such checks." It may be that the courts of Illinois will hold that a case where several checks, together greater than the amount to the credit of the drawer, are presented together, is not within the rule heretofore followed there; and that, in such a case, there is no assignment; or they may establish some rule for the division of the deposit among the check holders.

We do not believe, however, that they will hold that a bank, because it has paid one or more of such checks, is bound to pay all of them in full, without regard to the amount actually on deposit and the other circumstances of the case.

II.—LIABILITY OF OFFICER OF NATIONAL BANK.

Does a national bank officer become personally liable when he pays out the funds of his bank, or directs that they be paid out, to promote the interest of a cause in which he is personally interested, when such payment results in a loss to the bank? For instance: a "corner" in wheat or stocks is being run. The president of the bank is personally interested in the success of that "corner"; a panic seems imminent; certain documents are presented to his bank to be cashed, in amounts and under circumstances which ought to arouse the suspicions of any prudent banker. The failure to cash these documents would result in his financial ruin, and he so states; finally, he instructs the cashier to cash the documents; they are cashed, and the

bank not only suffers a large loss, but the consequential damages are frightful. Query: Would the bank president be personally liable to stockholders, notwithstanding the fact that he did not personally endorse the documents referred to?

REPLY.—The president of a national bank, as an agent and officer thereof, occupies towards it a trust or fiduciary relation, and has no authority to represent it in any transaction with third persons in which he has a private interest at stake. He is bound by his implied contract of agency to serve the bank faithfully in the office which he has undertaken with reasonable care and skill, and is personally liable to the bank for every improper or wrongful misapplication of its property. (See *Morawetz on Private Corporations*, 2d ed., §§ 517, 550, and cases cited.)

Moreover, the president of a national bank, as a director thereof, is liable under the Banking Act, U. S. R. S., § 5,239, which provides that, if the directors of a national bank shall knowingly violate, or knowingly permit any of the officers, agents, or servants of the association to violate any provision of the Banking Act, every director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages which the association, its shareholders, or any other person shall have sustained in consequence of such violation. (See *Brinckerhoff v. Bostwick*, 88 N. Y., 52, 99 N. Y., 185; *Hun v. Cary*, 82 N. Y., 65; *First National Bank of Sturgis v. Reid*, 37 Mich., 263; and *Morvus, Receiver, v. Lee*, 30 Fed. Rep., 298, also in July number of the Magazine, in which many of the authorities are collected.)

The rule of law is clear, and it seems equally clear that the president of a bank who is interested in a "corner," and, in order to sustain it and save himself from loss by a failure of the "corner," makes improper loans of the funds of his bank, has violated the law, and is personally responsible to the bank for all the losses which it suffers upon the loans so made. This liability arises from his breach of duty to the bank, and may be enforced against him by an action brought by the bank itself, or the receiver, if it has been put into the hands of a receiver. This liability is entirely independent of the criminal liability which may exist under R. S., § 5,209.

COLLECTION, RESPONSIBILITY FOR ACTS OF AGENT, POST-DATED CHECK.

A post-dates his check on the Bank of Wahoo and mails it to creditor B, a resident of another town. B indorses and hands it to his banker for collection, who transmits it to cashier C of an intermediate bank, who forwards it to his correspondent D in Wahoo. D makes an immediate presentation, and returns to C under protest earlier than the date of the check; whereupon C reincloses the same to D, and requests another presentment, and, in case of non-payment, another protest. The instructions were complied with, and for want of funds on the part of the drawer the paper was protested the second time, but one day after its date.

QUESTION: Has the collecting bank made itself liable?

REPLY.—We think the liability of the collecting bank in this case depends upon whether there were funds in the Bank of Wahoo to pay the check upon the day of its date, which were lost by the neglect to present it until the day after. If there were such funds, the collecting bank is, in our opinion, liable; if not, then B has suffered no damage by the delay in presenting the check, and is not entitled to recover anything.

The law may now be regarded as settled, that a bank which receives

for collection paper payable in another place is responsible for the negligence of the agents and correspondents whom it employs for that purpose. (*Exchange National Bank v. Third National Bank of New York*, 112, U. S. 276; *Banker's Magazine*, February, 1885, p. 611.) And D appears to have been clearly negligent.

A post-dated check is payable upon the day of its date (*Daniel on Negotiable Instruments*, § 1578); and the facts stated in the inquiry disclose that this check was first received by D in ample time to have presented it for payment upon that day. The rule is strict, that due diligence requires a bank, receiving for collection a check payable in the same place, to present it for payment before the close of banking hours on the business day next following that on which it came into possession of the check (*Daniel on Negotiable Instruments*, § 332). D was entitled to hold the check no longer than this, and was, after this time expired, in the position of an agent holding a piece of paper payable upon a day certain in the future, and bound to present it upon that day. Instead of so presenting the check, D presented it upon a day when it was not payable, and then sent it back to C, under such circumstances that it was impossible that the check should be presented for payment upon the day of its date, when it was payable. Daniel says (*Negotiable Instruments*, § 327): "It is the duty of the bank, as soon as the bill, note or check is placed in its hands for collection, to take the appropriate steps necessary to its *prompt* payment, or prompt acceptance, by making presentment for acceptance without delay, and presentment for payment at maturity." We can have no doubt that, under the facts stated in the inquiry, D was negligent.

The law, however, is settled that the measure of damages which the check holder is entitled to recover of the bank, or other collecting agent, who has been guilty of negligence or default in respect to it, is the actual loss which has been suffered. That loss is *prima facie* the amount of the bill, note or check placed in its or his hands; but evidence is admissible to reduce it to a nominal sum. (*Daniel on Negotiable Instruments*, § 329.) If, therefore, there were no funds in the Bank of Wahoo to meet the check on the day of its date, and the check would not have been paid if presented on that day, B has suffered no loss by the delay of presentment, and his damages would be merely nominal. (*Allen v. Suydam*, 20 Wend., 323; *Merchants, etc., Bank v. Stafford Bank*, 44 Conn., 568; *Story on Agency*, 222.)

CORRESPONDENCE.

To the Editor of the BANKER'S MAGAZINE:

Will you please ask in your BANKER'S MAGAZINE who is, in the United States, the youngest cashier of a national bank? I have a curiosity to know, and you will greatly favor me by asking this question. I claim to be the youngest cashier, as my age is twenty-one years, six months. Am I right?

Respectfully yours,

S., CASHIER.

BOOK NOTICES.

The Maverick National Bank Manual, July 1, 1887. Boston, 1887.

This is a very useful book. It contains fifteen chapters which relate to the national debt, the credit of nations, state and municipal indebtedness, savings bank securities, banks and banking, coinage and currency, bank clearing houses, foreign exchange and commerce, and many other matters. It is chiefly a collection of statistics which seem to have been carefully prepared, and relate to things of every day inquiry. For this reason the book is likely to prove a very convenient one to have around. Mr. Asa P. Potter, the president of the bank, has conducted it with very marked success, and by his energy and devotion to its interests, has fairly won the high reputation that he enjoys in the banking and commercial world.

The Margin of Profits. By EDWARD ATKINSON. New York and London: G. P. Putnam's Sons.

The larger portion of this book is an address delivered on May 1, 1887, before the Labor Lyceum of Boston. It had been arranged that Mr. E. M. Chamberlin should reply. Accordingly he was furnished in advance with a copy of the address, and his remarks, together with Mr. Atkinson's rejoinder, are incorporated in the present volume. As usual, Mr. Atkinson adds some graphic tables, one of which illustrates the operation of a cotton mill, with a capital of a million dollars and 950 workpeople who produce 17,500,000 yards of medium shirting, worth $6\frac{1}{4}$ cents a yard, or about \$1,100,000. This amount is expended by the corporation as follows:

For cotton.....	\$575,000
Supplies.....	55,000
Wages.....	285,000
Depreciation.....	40,000
Insurance, etc.....	10,000
Taxes.....	15,000
Freight.....	10,000
Managing office.....	20,000
Commission and guaranty.....	30,000
Profits, 6 per cent.....	60,000
Total.....	\$1,100,000

Mr. Atkinson computes that of the total product \$940,000 goes to labor on cotton, supplies transportation, repairs and distribution (3,400 persons in all); \$145,000 goes to profits on the same transactions; and \$15,000 to taxes. The profit is spent as follows: \$68,000 to support planters, supply makers, mill owners and others; \$55,000 is spent on a new mill; \$22,000 is spent on luxuries. The \$123,000 spent on the new mill and the support of those who receive the profits, goes to tradesmen, farmers, mechanics, servants and others. The total product of \$1,100,000, then, is finally disposed of as follows: 2 per cent., or \$22,000 is consumed by capital; \$958,320, or 87.12 per cent., is consumed by wage earners; \$55,000, or 5 per cent., is saved by the profit earners; \$49,500, or $4\frac{1}{2}$ per cent., is saved by the wage earners; and \$15,180, or 1.38 per cent., goes for taxes. This is a timely publication,

and we wish that every workingman could be made familiar with the facts and conclusions set forth by the author. He is a perfect master of the field, and deals with facts lying within his own knowledge, and for this reason what he says possesses unusual significance.

The Handling of Railway Supplies; their Purchase and Disposition. By MARSHALL M. KIRKMAN. Chicago: 1887.

Mr. Kirkman's reputation as a railroad writer is widely known. He is no amateur, for he lives among the facts which are stated in his books. Indeed, he is a long way up in the railroad administration of one of the most important railroads of the country. He, therefore, is an authority in the highest sense in the matters treated in his works. Criticism of such a writer is quite superfluous, although it might be mentioned that some of his works in our judgment could be improved by condensation. This, however, cannot be said of the work before us. It is a very complete account of the subject. By supplies are understood the materials in store which are not yet charged to any operating or construction account. The book is intended primarily for those who desire to know about these matters, but are prevented by the narrow position they fill; though, doubtless it is well worth reading by many an official who professes to be familiar with the ground. Like all of Mr. Kirkman's productions, we presume it will find a goodly class of appreciative readers, who will profit by what he has here written for them.

The Rothschilds: the Financial Rulers of Nations. By JOHN REEVES. Chicago: A. C. McClurg & Co.

This is an interesting account of the Rothschild family from the early days of Mayer Amschel Rothschild, its first financial magnate, until the present time. The humble beginning of the banking house in Frankfort is fully described, and the numerous worthy descendants of the founder are presented with numerous illustrative anecdotes, and with a clearness that furnishes the reader with an intimate knowledge of their different characteristics and methods of doing business. The defense of the Jews, with which the volume opens, is hardly needed in this country, but it is, nevertheless, full of historical information, and pays a deserved tribute to the children of the Hebrew race who have attained great distinction in science, literature, art and music in all ages and in spite of persecution and malicious misrepresentation. It shows, too, that Jewish success in business is due to honest thrift and shrewdness—qualities which energetic men of other races have never failed to exercise in order to secure worldly advancement. The volume contains portraits of the famous Rothschilds, and the frontispiece represents the old home in Frankfort. This is a book of peculiar interest to bankers, and now, as many of them are about to take their well-earned vacations, we can recommend this book as an agreeable companion. The style is easy, and the book itself is less than 400 pages, so that in a few hours the reader can get a very complete account of the famous banking family.

BANKING AND FINANCIAL ITEMS.

A NEST OF THIEVES IN A BANK.—Relative to the arrest of M. Mouvet at Constantinople for having pillaged the Banque Parisienne, of which he was manager, of about 3,000,000f., it is instructive to note that the bank contained a veritable nest of thieves. Mouvet had as accomplices M. Auguste Louis, Director of the branch establishment situated in the Rue de Rennes; M. Bonaventure, Cashier at the head office of the bank in the Rue Chauchat, and M. Kuhl, chief of the bookkeeping department. These men all being in league, the mode of procedure was easy. When M. Mouvet wanted money M. Auguste Louis warned the administration of the bank that he had consented to advance the sum to imaginary individuals on the security of stock and shares deposited with the bank. The Cashier, M. Bonaventure, certified that he had received the stock in deposit, and had the money representing the simulated loan sent to the branch house, Rue de Rennes. When the inventory was made, M. Kuhl, chief of the bookkeeping department, undertook to do what was necessary.

CANADIAN POSTAL SAVINGS BANK—There has been a large increase in the amount of the deposits made by the people in the Post Office Savings Bank of Canada during the year ending the 30th of June last. Elsewhere will be found full statistics on the subject. There are now 90,159 accounts open with the bank, and the average amount to the credit of each is the largest on record—\$24. If the bank were purely a workingman's bank this sum would represent an amount of solid prosperity throughout the country of the most satisfactory character. It is an admitted fact, however, that the bank is popular among all classes, particularly among professional men and men with fixed salaries, and that it is their deposits that bring up the average. It would be impossible under any other circumstances than as an adjunct of the post office, for a savings bank, with 415 branches, to be managed at a yearly cost of only \$43,661.

NATIONAL BANK OF AUGUSTA.—At a meeting of the Directors after adopting resolutions in commemoration of the virtues of Mr. Geo. R. Sibley, the President, whose sudden and untimely death removes from the Board a wise counsellor, upright man and trusted executive, Hon. Chas. Estes was elected President for the unexpired term, and will immediately take charge. Mr. Estes has long been on the Finance Committee of the bank. The selection is considered by every one a most excellent one, Mr. Estes being a safe and most excellent business man. His success in all his enterprises makes him eminently the right man in the right place.

CANADIAN BANK OF COMMERCE.—At the last annual meeting of the shareholders, Mr. B. E. Walker, the general manager, said: "The business organization of the bank is excellent. The administration of its routine, work is as nearly perfect as may be. The junior members of the staff, with but few exceptions, have been trained in our own system; and this is also true of the majority of our senior officers. In the administration of the bank this is of the very first importance. It is quite natural that in building up a large institution we should have had bitter experiences, but we have now a large body of men who have grown up with the bank, and to whom these experiences belong almost as much as the institution itself; and it is out of this condition of things that we are to look in the future for that strength in the management which comes from a keen appreciation of the sources of profit, combined with a matured experience of the dangers incident to our business." The *Canadian Journal of Commerce* adds: "It is pleasant to note that the active business of the bank is in excellent shape. The year's profits are satisfactory, there being about \$200,000 available after payment of a seven per cent. dividend, and meeting all charges and losses of the year. It is evident from the report that there will be no difficulty in maintaining the 7 per cent. dividend, and adding a substantial sum to the Rest every year under ordinary circumstances. The bank has very large deposits; second, indeed, only to the Bank of Montreal, and though these show a reduction since last year, that experience is common to most banks this season."

AT THE 31ST annual general meeting of the Bank of Toronto, the report of the directors of the bank showed that the business transacted by the bank had been of a satisfactory character. The net profits of the year, after making full provision for all bad and doubtful debts, and deducting interest due depositors and rebate on current discounts, amounted to \$255,325.10; add balance at credit profit and loss account, brought forward from last year, \$14,729.22—\$270,054.32. This sum the directors appropriated as follows: Dividend No. 61, four per cent, \$80,000.00; Dividend No. 62, four per cent., \$80,000.00; Bonus of two per cent, \$40,000.00—\$200,000.00. Added to rest account; \$50,000.00; Balance carried forward to next year, \$20,054.32—\$70,054.32—\$270,054.32. With the above mentioned addition to the Rest, that fund now amounts to the sum of \$1,250,000.

MR. GEORGE WILLIAMS, president of the Chemical National Bank of New York, is taking a well-earned rest in Europe this summer. Mr. Williams has added his full share to the world-wide reputation enjoyed by his bank, and it is a pleasure to think that he can get away, for a few weeks at least, from the enormous responsibilities that daily rest on him. Mr. Williams is one of the most quiet of men, but he has been quite as successful in conducting the great institution of which he is in every sense the real head and manager, as others who manage much smaller concerns but in a far more noisy manner.

APPROPRIATING BONDS.—Franklin M. Severance, who was cashier of the Farmers' Bank of Fayetteville before it was closed by the courts, has been arrested at the instance of Hattie McVickar, who charged him with having appropriated to his own use three \$1,000 bonds that she had given him as her agent. She said that Severance told her the bonds had been deposited in a vault and were missing when the receiver opened the vault. Severance was locked up and was unable to get bail before he was arraigned. It is now announced that the missing bonds had been deposited in the Robert Gere Bank, in Syracuse, as collateral for Farmers' Bank paper, and that Severance had no personal interest in the matter. Severance's counsel asked that he be discharged, but Judge Northrup said that under the statute he must be held for the grand jury. Severance was, however, released on \$1,000 bail.

PROF. W. F. ALLEN, in an interesting paper read before the American Philological Association, on "The Monetary Crisis at Rome in 33. A.D.," says: "The crisis in this year which was so severe that it required the intervention of the Emperor Tiberius to restore credit by advancing from the treasury a sum equivalent to four million dollars, in the form of loans without interest, was the necessary outcome of the conditions prevailing in ancient Rome, which made money-lending a curse and the money-lender an evil. At the present time, the legitimate business of bankers consists in advancing funds to be employed for productive purposes; the banker is therefore a highly useful intermediary between those who have money which they do not understand how to use productively, and those who are engaged in industrial occupations in which they can use to advantage more capital than they themselves possess. But there was no such thing as productive industry on a large scale in Rome. When money was borrowed, it was merely for purposes of future consumption, or to pay for past consumption. Money was borrowed in order to pay a debt incurred, and therefore carried with it the incurrence of a new debt. The consequence of this state of things was, that a large body was growing deeper and deeper into debt, while a few—the money-lenders—reaped benefits out of all proportion to the services rendered by them. Already in Cæsar's time the attempt was made to counteract this threatening evil by the passage of a law for the regulation of loans and of debts. It aimed, as far as we are able to trace it, on the one hand, to prevent a scarcity in the money market, by limiting the amount of cash an individual could have on hand, and obliging him to invest what he had above this sum in real estate, and, on the other hand, made provision for the payment of outstanding debts, by an extension of time and by compelling creditors to take real estate as payment. The law, however, remained a dead letter until the days of Tiberius, who made an attempt to revive it. The attempt failed, and the much-feared crisis broke out. But it is a testimony to the wisdom of Tiberius that he foresaw its coming, and endeavored to prevent it by all means in his power. In order to relieve the debtors of their embarrassment, he issued the loans as above set forth which was of course only a temporary relief, not a remedy for the evil."

A PARDON has been granted to Nathan P. Pratt, formerly treasurer of the Reading Savings Bank, who was sentenced to the State prison for four years in 1884 for embezzlement. Mr. Pratt is seventy-three years old, and in feeble health, and it was for these reasons, and also because of the palliating circumstances connected with his crime, that he is granted a pardon. His term would have expired August 28. The trouble in the Reading Savings Bank began with the irregular operations of Mr. Pratt's son, a recent graduate at the time from Harvard College, and employed as a clerk. He took money from the bank to carry his speculations in the Mystic Valley Railroad, and upon finding that he had got into deep water, from which he could not extricate himself, he confessed to his father what he had been doing. The old gentleman, instead of reporting the facts to the officers of the bank, allowed his paternal sympathies to get the better of his sense of duty, and he kept quiet. The young man continued his sinister operations and wound up by forgery and running away, leaving his father to stand the brunt. The latter was in jail four years prior to his sentence to the State prison, his original counsel, General Butler, being obliged to relinquish the case owing to his election to the governorship.

THE FIRST NATIONAL BANK OF CHICAGO, after declaring its last quarterly dividend of two per cent., had left as undivided profits \$330,000. This is one of the most successful banking institutions in the country, and has a million dollar surplus.

NO MISTAKE has been made in electing Mr. D. B. Dewey president of the American Exchange National Bank of Chicago. He had been its efficient vice-president, though unfortunately did not control its policy, otherwise the bank would never have been involved in the recent wheat speculations as it was. Mr. Dewey has not only great banking experience, and is an unusually thoughtful man, but he is conservative, and believes in the soundest banking methods. For that reason the bank under his management is entitled to the fullest confidence, and, indeed, received it from the other banks, in expectation that he would be chosen president. Such action is the strongest evidence of the confidence reposed in his ability and character, and he worthily merits it.

THE TRANSPORTATION COMMITTEE of the Sovereign Grand Lodge, I. O. O. F., announces that the grand official route from Chicago to Denver and return in September will be Chicago, Rock Island and Pacific Railway, Chicago to Kansas City, Union Pacific Railway, Kansas City to Denver, returning via Burlington route, Denver to Chicago. Official train will leave Chicago for Denver at 2 P. M., Wednesday, September 14th.

MR. JOHN THOMPSON is to be congratulated in retiring from the presidency of the Chase National Bank, and recommending a younger man in the person of the Hon. Henry W. Cannon as his successor. The bank has increased its capital to \$500,000 and has a surplus of \$400,000. It is now a designated depository of the United States, also the State and city. The bank is now located in the Clearing House building, corner of Pine and Nassau streets.

THE SILVER BULLION CERTIFICATES.—The question has been raised among the Treasury authorities at Washington, whether the certificates to be issued by the Western National Bank of New York for the deposit of silver bullion are not the representatives of money, and contrary to law. Some of these officials have expressed the opinion that they are. Ex-United States Treasurer Jordan, who is the Vice-President of the Western National Bank of this city, being consulted on the point, said, as reported in the *Evening Post* of this city: "Nothing more than a picture of one of the new certificates could have been seen by any one at Washington, as none of the certificates had been issued. They would probably be out to-morrow. Exhibiting one of the certificates, which is much larger than any Treasury or national bank note, he directed attention to the explicit statement upon it that was a certificate of the deposit of one thousand ounces of silver bullion. It was, he said, a certificate of deposit simply and solely, not designed to go into general circulation, but for use only in the New York Stock Exchange. It was not currency, any more than a pipe-line certificate, and was equally lawful. The advice of counsel had not been taken upon this point, because it had never been dreamed that such a question could be raised."

THE PROCEEDINGS of the Third Convention of the Dakota Bankers' Association, which met at Watertown, May 21 and 24, 1887, is a neatly bound pamphlet, including the constitution and by-laws of the association, with full text of the prominent addresses rendered on the occasion of the convention. The bankers will find the utterances of Mr. H. M. McDonald, president of the Traders' Bank, Pierre, Dak., on the subject of "Western Mortgages—their Elements of Strength and of Weakness," highly instructive and interesting.

ELSEWHERE will be found the last statement of the Bank of the Republic to the Comptroller at Washington. Under Mr. Knox's safe yet energetic management, this institution has rapidly increased in resources, and this exhibit must be very cheerful reading to depositors and stockholders as well as to the public, as it is the best possible proof of soundness and real prosperity.

UNIFORMITY IN BANK PAPER.—The Chicago Banker's Club has put forth the following recommendations :

The adoption of drafts and checks which shall be uniform in so far as concerns the position of the number and amount expressed in figures ; adoption of the positions for number and amount suggested ; adoption of the suggestion that all lathe or line work where used as a background for the amount be discarded ; discontinuance of all perforators which pit, raise, or roughen that part of the check or draft upon which the amount is placed.

Following is a sample form of the check proposed :

CHICAGO, ILLS..... 188..	No.....
TENTH NATIONAL BANK OF CHICAGO.	
Pay to the order of	
.....	\$.....
.....	Dollars.
[Signature.]	

The amount [in figures] and the check number, it will be noticed, says the *Chicago Tribune*, are placed on the extreme right, but should not be so near each other as to lead to error or confusion in recording the number in the journal. The above form of check is held to be as near perfect as possible, because (1) the eye can mechanically note the figures, the filling out of the body, and the signature ; (2) the figures naturally fall close to the column in a book of entry ; (3) "calling back" can be done quickly ; and (4) the thumb of the left hand, in taking hold of the check, does not cover the figures. The proposed form of draft is essentially similar to that of the check, the name of the bank drawn on occupying the lower left-hand corner.

The Chicago Bankers' Club has prepared a circular on the subject which will be mailed, August 1, to every banker in the country. "It should be clearly understood," says the circular, "that no interference with the exercise of individual taste, in so far as regards the shape, size or general design of check or draft, is either intended or thought advisable. The bankers of Chicago have agreed in this matter only upon the position of the number and the amount expressed in figures. The twenty-one leading engravers, lithographers and printers of this city have not only signed an indorsement of the plan, but have in all cases where questioned agreed to alter any engraved or lithographed plates they might have in their possession to the new form without charge. As there is not nor will be any copyright or patent upon the idea, the change can be made without any expense whatever to bankers or the mercantile public." The circular is signed by C. J. Blair, R. F. Street and Douglass Hoyt. Chicago bankers have agreed to adopt the new style of check and draft as soon as the present stock is exhausted, and have agreed to use their influence to secure its adoption by their customers, both city and country.—*N. Y. Jour. of Commerce.*

CINCINNATI BANK STOCKS.—The following are the quotations for July 29th, as reported in the *Cincinnati Enquirer*:

	Bid	Asked		Bid.	Asked
First National		295	Market National		101
Second National	193½		Commercial		125
Third National		145	Western German		235
Fourth National	185		Cincinnati Safe Deposit	140	
National Lafayette		290	F. S. D. & T. Co.	75	
Merchants' National		155	First National Cov.	155	
Citizens' National	170	175	Cov. City National		160
German National		157	German National Cov.		152
Metropolitan National	130	137½	F. & T. National Cov.	145	
Queen City National		100	First National Npt.	153	160
Cincinnati National		70	German National Npt.	160	
Ohio Valley National		135	Millford National	115	
Atlas National		100			

THE NEW YORK CITY SAVINGS BANKS.—We give abstracts of the official semi-annual reports of eight of the New York City savings banks, as made to the Superintendent of the Banking Department, showing their condition on July 1. The total resources of the 24 New York City savings banks was, in round numbers, on July 1st, \$330,000,000. The amount due to their 687,000 depositors was \$279,000,000, leaving a net surplus of more than \$51,000,000. The increase of deposits since Jan. 1 in New York City alone has been \$8,000,000. The total increase in the State during the last six months will approximate \$20,000,000. The increase of surplus of the New York City banks will exceed \$1,000,000 for the six months. The number of depositors of the same banks has increased 17,000 since Jan. 1.

THE MERCHANTS' EXCHANGE NATIONAL BANK was chartered in 1829 with Mr. Peter Stagg as president and Mr. William M. Vermilye as cashier. It was re-organized under the National Banking Act in 1865, its capital being \$1,000,000. Its history is a record of signal prosperity, and the conduct of its affairs has always been characterized by such prudence and sagacity as to preclude the impairment of its strength or standing by any public emergency or private exigency. It is located at No. 257 Broadway, and does a general banking business, receiving upon favorable terms the accounts of banks and bankers, corporations and individuals, and affording them every possible facility and convenience, its correspondents being found in every prominent city of the United States. Its board of directors is composed of prominent and responsible business gentlemen and capitalists, and it is regarded with pride and confidence by our citizens as one of the most vigorous and reliable moneyed institutions of the metropolis. Mr. P. C. Lounsbury, its president, is one of our most capable and energetic financiers, a sagacious business man, thoroughly understanding the soundest principles of banking and finance. The cashier is Mr. A. S. Apgar, an experienced and efficient bank-officer, every way fitted for that position.

THE BANKS.—The May statement of the condition of the National Banks of the United States was the first general exhibit under the new reserve law. It affords some assistance in estimating the effects of that law upon the bank deposits of New York and of the new central reserve cities. Chicago and St. Louis may be taken as examples of all, though only these cities have as yet acted on the new privilege. In the May report the reserve of Chicago banks was \$20,500,000 and of St. Louis \$3,750,000, and under the March report the St. Louis reserve was \$2,250,000 and Chicago \$15,500,000. But under the March report 13 per cent. of the Chicago and 16 per cent. of the St. Louis reserve were held by their New York reserve agents, while in the May statement there was none of their reserve carried in New York as such, as the banks of central reserve cities operating under the new law are required to carry the total 25 per cent. reserve in their own vaults. In March Chicago reported 36.48 per cent. reserve, of which 13 per cent. was held in New York, and St. Louis held 40.02 per cent., of which 16 per cent. was in New York. If the law had applied to the March statement Chicago would have had her recognizable reserve reduced to 23.48 per cent. and St. Louis to 24.02 per cent.

THE RIVERSIDE IRON AND STEEL COMPANY, of which W. P. Harris is president, and Al. Gahr, secretary, has assigned to John S. Connor. Its liabilities are roughly estimated at \$200,000, with assets not exceeding \$50,000. The assignee of E. L. Harper & Co. claims the property of this company as part of Harper's assets. There is a question as to its ownership.

GEORGE D. BATES, president of the Second National Bank, of Akron, O., and Mayor of Akron for two years, from 1864, who died on July 25th, was born in Brandon, Vt., and at one time, in partnership with George H. Pendleton, was a contractor and builder of railroads in Cincinnati with Mr. Pendleton. He started the Second National Bank there in 1845, and soon thereafter lost \$30,000, but friends helped him through, and he died a wealthy man. He was thrice married, but is survived by only three of his children.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	July 5.	July 11.	July 18.	July 25.
Discounts.....	7@10 ..	7@10 ..	7@10 ..	6½@8
Call Loans.....	10@4 ..	5@3 ..	5@4 ..	6@4½
Treasury balances, coin.....	\$ 134,396,151 ..	\$ 133,915,330 ..	\$ 134,732,681 ..	\$ 135,071,426
Do. do. currency.....	\$ 15,194,214 ..	\$ 12,166,048 ..	\$ 12,478,076 ..	\$ 12,655,113

The reports of the New York Clearing-house returns compare as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
July 9..	\$360,173,300	\$77,530,100	\$21,074,100	\$369,007,000	\$8,120,300	\$6,352,450
" 16..	358,487,300	77,757,800	22,272,500	368,416,800	8,107,500	7,926,100
" 23..	355,249,800	77,033,700	22,551,500	364,351,500	8,121,400	8,497,325
" 30..	355,294,800	75,648,000	22,924,400	361,765,700	8,105,100	8,130,975

The Boston bank statement is as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
July 2.....	\$141,042,500	\$8,882,300	\$2,684,200	\$104,071,200	\$9,963,000
" 9.....	138,020,800	8,926,200	2,486,800	102,266,500	8,819,700
" 16.....	136,786,200	9,523,700	2,424,300	101,016,100	8,835,900
" 23.....	136,706,800	9,703,100	2,407,500	100,602,200	8,833,300
" 30.....	136,144,800	9,362,900	2,548,800	99,084,600	8,801,800

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1887.	Loans.	Reserves.	Deposits.	Circulation.
July 2.....	\$89,140,600	\$24,354,700	\$88,858,400	\$3,301,950
" 9.....	89,835,200	25,352,800	89,635,100	2,874,650
" 16.....	89,952,900	24,095,300	88,318,100	2,964,550
" 23.....	90,366,926	23,615,758	88,110,528	2,984,512
" 30.....	90,443,600	23,293,600	87,944,800	2,992,190

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from July No., page 69.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ARK....	Ozark	Arkansas Valley Bank...	National Park Bank.
CAL....	St. Helena.....	Carver National Bank...	.....
	\$50,000	D. B. Carver, <i>Pr.</i> A. L. Williams, <i>Cas.</i>	
COL....	Lamar	First National Bank.....	Chemical National Bank.
	\$50,000	Josiah S. Springer, <i>Pr.</i> T. H. Cecil, <i>Cas.</i>	
	Leadville.....	Carbonate National Bank.....	.....
	\$100,000	David H. Dougan, <i>Pr.</i> John C. Mitchell, <i>Cas.</i>	
DAK....	Bottineau.....	Bottineau Co. Bank.....	Chemical National Bank.
		E. A. Harmon, <i>Pr.</i> Milan S. Harmon, <i>Cas.</i>	
	Hillsview.....	Exchange Bank.....	Kountze Bros.
	\$10,000	(Edgar L. Hopkins.) Edgar L. Hopkins, <i>Cas.</i>	
	Leola	Bank of Leola.....	.....
	\$12,000	Chas. N. Heneid, <i>Pr.</i> C. Johnson, <i>Cas.</i>	
	Minot.....	Bank of Minot.....	Kountze Bros.
		E. A. Mears, <i>Pr.</i>	
GA....	Brunswick.....	Oglethorpe Nat. Bank...	.....
	\$100,000	Max Ullman, <i>Pr.</i> John L. H. Henman, <i>Cas.</i>	
	Thomasville.....	Thomasville Nat'l Bank..	.....
	\$100,000	S. L. Hayes, <i>Pr.</i> James A. Branden, <i>Cas.</i>	
ILL....	Homer.....	Citizens Bank.....	Hanover National Bank.
	\$25,000	H. J. Wiggins, <i>Pr.</i> E. I. Fisher, <i>Cas.</i>	
	Quincy.....	Quincy National Bank...	.....
	\$100,000	Julius Kespohl, <i>Pr.</i> Joseph Boehmer, <i>Cas.</i>	
IND....	Attica.....	Citizens' National Bank..	.....
	\$50,000	Zimri Dwiggins, <i>Pr.</i> John W. Paris, <i>Cas.</i>	
KAN....	Cimarron.....	First National Bank.....	.....
	\$50,000	Jacob W. Rush, <i>Pr.</i> Alfred W. Metcalf, <i>Cas.</i>	
	Concordia.....	Citizens' National Bank..	.....
	\$100,000	Wm. W. Caldwell, <i>Pr.</i> Chas. P. Tilden, <i>Cas.</i>	
	Kinsley.....	First National Bank.....	.....
	\$100,000	Rufus E. Edwards, <i>Pr.</i> Fred. B. Hine, <i>Cas.</i>	
	Latham.....	Citizens Bank.....	Kountze Bros.
	\$6,000	Geo. Sherar, <i>Cas.</i>	
	Mankato.....	First National Bank.....	Seaboard National Bank.
	\$50,000	Geo. H. Case, <i>Pr.</i> S. G. Keyes, <i>Cas.</i>	
	Millbrook.....	First National Bank.....	.....
	\$50,000	Wm. B. Thompson, <i>Pr.</i> T. S. Vedder, <i>Cas.</i>	
MICH...	Bay City.....	Commercial Bank.....	.....
	\$100,000	H. N. Watrous, <i>Pr.</i> W. O. Clift, <i>Cas.</i>	
	Escanaba.....	First National Bank.....	.....
	\$50,000	Covell C. Royce, <i>Pr.</i> Frank C. Buck, <i>Cas.</i>	
	Sault Ste. Marie	Sault Ste. Marie Nat. Bk.	.....
	\$100,000	James H. Easton, <i>Pr.</i> Theodore W. Burdick, <i>Cas.</i>	
MISS....	Greenville.....	First National Bank.....	.....
	\$100,000	James E. Negus, <i>Pr.</i> Thomas Mount, <i>Cas.</i>	
MO....	Harrisonville...	First National Bank.....	.....
	\$50,000	Wilmot Saeger, <i>Pr.</i> S. E. Browne, <i>Cas.</i>	
	Kansas City...	Nat. Bank of Commerce.	.....
	\$2,000,000	William S. Woods, <i>Pr.</i> C. J. White, <i>Cas.</i>	
MONT...	Lewiston.....	Bank of Fergus County..	Kountze Bros.
	\$50,000	Simeon S. Hobson, <i>Pr.</i> James H. Moe, <i>Cas.</i>	
N. J....	Hoboken.....	Second National Bank.	Western National Bank.
	\$125,000	Rudolph F. Rabe, <i>Pr.</i> John P. Scholfield, <i>Cas.</i>	
N. Y....	Mamaroneck...	Union Savings Bank.....	Lincoln National Bank.
		Bradford Rhodes, <i>Pr.</i> Reuben G. Brewer, <i>Cas.</i>	
PA....	Bryn Mawr.....	Bryn Mawr Nat'l Bank..	.....
	\$50,000	Hamilton Egbert, <i>Pr.</i> A. A. Cadwallader, <i>Cas.</i>	
	Renovo.....	First National Bank.....	.....
	\$50,000	James A. Williamson, <i>Pr.</i> W. B. Reilley, <i>Cas.</i>	
TEX....	Hillsboro.....	Farmers National Bank..	.....
	\$50,000	J. D. Warren, <i>Pr.</i> R. P. Edrington, <i>Cas.</i>	
	Plano.....	Plano National Bank.....	.....
	\$50,000	Geo. W. Bowman, <i>Pr.</i>	
Wis....	Beloit.....	L. C. Hyde & Brittan....	People's Bank.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from July No., page 71.)

	Bank and Place.	Elected.	In place of
CAL....	First National Bank, Merced...	E. J. Dixon, <i>V. Pr.</i>.....	.....
" ..	Garden City Nat. B'k, San Jose.	J. B. Randol, <i>V. Pr.</i>.....	.....
COL....	Glenwood National Bank,	J. C. Osgood, <i>V. Pr.</i>.....	.....
" ..	Glenwood.	H. W. Higgins, <i>Ass't C.</i>.....	.....
" ..	First National Bank.	James H. Holmes, <i>V. Pr.</i>.....	.....
" ..	Lamar.	E. L. Koen, <i>Ass't Cas.</i>.....	.....
" ..	Carbonate Nat'l B'k, Leadville.	H. I. Higgins, <i>V. Pr.</i>.....	.....
DAK....	First National Bank, Ashton...	S. F. Hammond, <i>Pr.</i>	F. W. Rogers.
" ..	Bismarck Nat'l B'k, Bismarck...	F. L. Coe, <i>Ass't Cas.</i>.....	.....
" ..	First Nat'l B'k, Chamberlain...	L. D. Allred, <i>Ass't Cas.</i>.....	.....
" ..	Bank of Ipswich, Ipswich.....	C. A. Kinney, <i>Cas.</i>.....	.....
GA....	Na't Bank of Augusta, Augusta.	Chas. Estes, <i>Pr.</i>	Geo. R. Sibley*
" ..	Nat. B. of Savannah, Savannah	A. L. Rees, <i>Ass't Cas.</i>.....	.....
ILL....	Mattoon Nat. Bank, Mattoon...	C. E. Wilson, <i>Pr.</i>	Lewis L. Lehman.
" ..	First National Bank, Ottawa...	C. E. Hook, <i>Ass't Cas.</i>	H. C. Nash.
" ..	Livingston Co. Nat. B'k, Pontiac	D. C. Eyer, <i>Cas.</i>.....	.....
IND....	Citizens' National Bank,	Thos. P. Campbell, <i>V. Pr.</i>.....	.....
" ..	Attica.	W. B. Schmerhorn, <i>A. Cas.</i>.....	.....
IOWA...	First National Bank, Stuart....	J. R. Bates, <i>Pr.</i>	C. E. Bates.
KAN....	First National Bank, Anthony.	M. L. Moyer, <i>Cas.</i>	L. A. Walton.
" ..	First National Bank, Colby....	C. H. Martin, <i>Pr.</i>	R. S. Newell.
" ..	Citizens' National Bank,	B. H. McEchron, <i>V. Pr.</i>.....	.....
" ..	Concordia.	Fred. W. Morgan, <i>A. Cas.</i>.....	.....
" ..	First National Bank,	Geo. S. Bishop, <i>V. Pr.</i>.....	.....
" ..	Mankato.	J. A. Montgomery, <i>A. C.</i>.....	.....
" ..	Minneapolis Nat'l B'k, Minn...	Chas. S. Cockill, <i>V. Pr.</i>.....	.....
" ..	Wichita National Bank,	M. W. Levy, <i>Pr.</i>	S. H. Kohn.
" ..	Wichita.	L. A. Walton, <i>Cas.</i>	M. W. Levy.
" ..	Wyandotte National Bank,	J. W. Sponable, <i>Pr.</i>.....	.....
" ..	Kansas City.	Frank Fulton, <i>V. Pr.</i>.....	.....
KY....	First Nat. Bank, Lexington....	Thomas Mitchell, <i>Cas.</i>	has resigned.
" ..	Citizens' Nat'l B'k, Louisville.	Oscar Fenley, <i>Ass't Cas.</i>.....	.....
LA....	Louisiana National Bank,	A. Luria, <i>V. Pr.</i>	T. L. Airey.
" ..	New Orleans.	Leon F. Janin, <i>Cas.</i>	A. Luria.
ME....	Kenduskeag National Bank....	W. H. S. Lawrence, <i>Cas.</i>	Geo. H. Hopkins.
MASS...	Gloucester Nat. B'k, Gloucester	Benj. H. Corliss, <i>Pr.</i>	E. W. Merchant.
" ..	Merchants' N. B., Newburyport	P. H. Blumpey, <i>Pr.</i>	I. H. Boardman.*
" ..	Chicopee Nat. B'k, Springfield.	Horace Smith, <i>Pr.</i>	Henry Fuller, Jr.
" ..	Bristol Co. National Bank,	S. L. Cushman, <i>Pr.</i>	H. W. Church.
" ..	Taunton.	H. H. Townsend, <i>Cas.</i>	S. L. Cushman.
" ..	Whitinsville N. B. Whitinsville.	A. A. Simmons, <i>A. C.</i>.....	.....
MICH ..	First National Bank, Marquette.	Geo. Barnes, <i>Ass't Cas.</i>.....	.....
" ..	Sault Ste. Marie Nat. Bank,	Albert Prenzlauer, <i>V. Pr.</i>.....	.....
" ..	Sault Ste Marie.	W. B. Cady, <i>Ass't Cas.</i>.....	.....
" ..	First National Bank, Ypsilanti.	Chas. King, <i>V. Pr.</i>	L. A. Barnes.
MINN...	Fergus Falls Nat. B. Fergus F.	F. J. Evans, <i>Cas.</i>	J. D. Boyd.
" ..	First Nat'l B'k, Worthington.	Geo. S. Capelle, <i>V. Pr.</i>.....	.....
MISS...	First National Bank, Vicksburg	R. C. Allein, <i>Act'g Cas.</i>	Thos. Mount.
" ..	Meridian Nat'l B'k, Meridian.	E. B. McRaven, <i>A. C.</i>.....	.....
MO....	Farmers Bank,	C. E. Porter, <i>Cas.</i>	S. P. Griffin.
" ..	Bowling Green.	J. T. McCune, <i>Ass't Cas.</i>	I. D. Kirkland.
" ..	National Bank of Commerce,	Luke F. Wilson, <i>V. Pr.</i>.....	.....
" ..	Kansas City.	H. C. Schwitzgebel, <i>A. C.</i>.....	.....
" ..	First National Bank, Liberty.	Morris W. Renick, <i>A. C.</i>.....	.....
" ..	Bank of Louisiana,	R. J. Hawkins, <i>Cas.</i>	R. H. Goodman.
" ..	Louisiana.	Rich. H. Goodman, <i>A. C.</i>.....	.....
MONT...	Bank of Fergus Falls,	T. C. Power, <i>V. Pr.</i>.....	.....
" ..	Lewistown.	N. M. Erickson, <i>As. Cas.</i>.....	.....
NEB....	Nat'l B'k of Ashland, Ashland.	P. H. Marlay, <i>Ass't C.</i>	H. G. King.
" ..	First National Bank, Kearney..	Lew Robertson, <i>Pr.</i>	L. R. Robertson.
" ..	Citizens' National Bank,	Chas. S. Bridge, <i>V. Pr.</i>.....	.....
" ..	Norfolk.	T. F. Memminger, <i>A. C.</i>.....	.....

* Deceased.

	<i>Bank and Place</i>	<i>Elected.</i>	<i>In place of</i>
NEB....	First National Bank, Beaver City.	C. G. George, <i>Pr.</i>	Albert Fisher.
"	First Nat'l B'k, North Bend....	Thos. M. Davis, <i>Cas.</i>	Allen B. Edee.
"	First National Bank, Tobias....	Geo. F. Smith, <i>Ass't C.</i>	
"	German Nat'l Bank, Hastings....	Wm. Burke, <i>V. Pr.</i>	
N. H....	Manchester N. B'k, Manchester....	Wm. M. Lowman, <i>V. Pr.</i>	
N. J....	Second National Bank, Hoboken.	Walter M. Parker, <i>Cas.</i>	E. H. Paine.
		Herman L. Timken, <i>V. P.</i>	
		Arnold R. Dodge, <i>A. Cas.</i>	
N. MEX.	First Nat'l Bank, Silver City....	S. T. Harkey, <i>Cas.</i>	F. H. Siebold.
N. Y....	Nat'l B'k of Cortland, Cortland.	L. J. Fitzgerald, <i>V. Pr.</i>	G. L. Cole.
"	Nat. B'k of Port Jervis, Pt. Jer.	W. E. Scott, <i>Cas.</i>	Acting Cashier.
OHIO....	Atlas Nat. Bank, Cincinnati....	Henry Meyer, <i>Pr.</i>	W. Sticktenoth, Jr.
"	American National Bank, Findlay.	R. B. Hubbard, <i>V. Pr.</i>	
"		L. W. Eoff, <i>Ass't Cas.</i>	
"	Clinton Nat'l Bank, Columbus.	D. S. Gray, <i>Pr.</i>	H. A. Lanman.
"	First National Bank, Jackson....	T. J. Edwards, <i>Cas.</i>	D. Armstrong.
"	Third National Bank, Piqua....	C. F. Rankin, <i>V. Pr.</i>	
"	First Nat. B'k, Mount Vernon....	D. W. Lambert, <i>Ass't C.</i>	H. A. Sturges.
ORE....	Capital Nat'l Bank, Salem....	H. Carpenter, <i>V. Pr.</i>	A. A. McCully.
PA....	Bank of North America, Philadelphia.	J. H. Michener, <i>Pr.</i>	Chas. S. Lewis.
"		J. C. Pinkerton, <i>Ass't C.</i>	
"	First National B'k, McKeesport.	Wm. E. Harrison, <i>V. Pr.</i>	J. T. Ryan.
S. C....	First National Bank, Charleston.	John. C. Simonds, <i>Cas.</i>	Wm. E. Breese.
		Henry I. Greer, <i>Ass't C.</i>	
TENN....	First Nat. B'k, South Pittsburg.	Jno. W. Childress, <i>Cas.</i>	L. R. Eastman.
TEXAS..	First National B'k, Calvert.	S. P. McLendon, <i>V. Pr.</i>	
"		Geo. K. McLendon, <i>A. C.</i>	
"	First National Bank, Corsicana.	E. H. Church, <i>Cas.</i>	Chas. H. Allyn.
"		J. A. Martin, <i>Ass't Cas.</i>	
"	First National Bank, Denison.	Samuel Hanna, <i>Pr.</i>	W. B. Munson.
"		Wm. M. Mick, <i>V. Pr.</i>	J. T. Munson.
"		C. W. Pyle, <i>Ass't Cas.</i>	
"	El Paso Nat. Bank, El Paso....	Wm. S. Hills, <i>V. Pr.</i>	
"	People's National B'k, Ennis....	H. C. Jones, <i>Ass't Cas.</i>	
"	First Nat'l Bank, Granbury....	G. W. Eastwood, <i>V. Pr.</i>	
VT....	Merchants' N. B., St. Johnsbury.	H. W. Allen, <i>Ass't Cas.</i>	
VA....	Lynchburgh N. B., Lynchburg.	Geo. W. Moore, Jr. <i>Cas.</i>	Peter J. Otey.
W. VA..	National B'k, of Martinsburg, Martinsburg.	Wm. T. Stewart, <i>Pr.</i>	John N. Abell.
		H. N. Deatrick, <i>V. Pr.</i>	
WIS....	Eau Claire Nat. B'k, Eau Claire	Wm. Carson, <i>V. Pr.</i>	L. M. Vilas.
"	Waukesha Nat. B'k, Waukesha.	E. R. Estberg, <i>Ass't Cas.</i>	
"	First National Bank, Waupun..	Geo. F. Wheeler, <i>Cas.</i>	John C. Perry.

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(Continued from July No., page 71.)

<i>No</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3744	Second National Bank..... Hoboken, N. J.	Rudolph F. Rabe, John P. Scholfield,		\$125,000
3745	First National Bank..... Mankato, Kan.	Geo. H. Case,	S. G. Keyes,	50,000
3746	Carbonate National Bank..... Leadville, Col.	David H. Dougan, John C. Mitchell,		100,000
3747	Sault Ste. Marie National Bank. Sault Ste. Marie, Mich.	James H. Easton, Theodore W. Burdick,		100,000
3748	Citizens' National Bank..... Concordia, Kan.	Wm. W. Caldwell, Chas. P. Tilden,		100,000
3749	First National Bank..... Lamar, Col.	Josiah S. Springer, T. H. Cecil,		50,000
3750	Third National Bank..... Piqua, O.	Lewis Leonard, David N. Reid,		100,000

No.	Name and Place.	President.	Cashier.	Capital.
3751	First National Bank..... Cimarron, Kan.	Jacob W. Rush,	Alfred W. Metcalf,	50,000
3752	Quincy National Bank..... Quincy, Ill.	Julius Kespohl,	Joseph Boehmer,	100,000
3753	Oglethorpe National Bank..... Brunswick, Ga.	Max Ullman,	John L. H. Henman,	100,000
3754	First National Bank..... Harrisonville, Mo.	Wilmot Saeger,	S. E. Browne,	50,000
3755	Citizens' National Bank..... Attica, Ind.	Zimri Dwiggins,	John W. Paris,	50,000
3756	West Side National Bank..... Wichita, Kan.	Robt. E. Lawrence,	John Watts,	100,000
3757	Carver National Bank..... St. Helena, Cal.	D. B. Carver,	A. L. Williams,	50,000
3758	First National Bank..... Millbrook, Kan.	William B. Thompson,	F. S. Vedder,	50,000
3759	First National Bank..... Kinsley, Kan.	Rufus E. Edwards,	Fred. B. Hine,	100,000
3760	National Bank of Commerce.... Kansas City, Mo.	William S. Woods.	Luke F. Wilson,	2,000,000
3761	First National Bank..... Escanaba, Mich.	Covell C. Royce.	Frank C. Buck,	50,000
3762	Farmers National Bank..... Hillsboro, Texas.	J. D. Warren.	R. P. Edringer,	50,000
3763	First National Bank..... Renovo, Pa.	James A. Williamson	W. B. Reilley,	50,000
3764	Plano National Bank..... Plano Texas.	Geo. W. Bowman.	.....	50,000
3765	First National Bank..... Greenville, Miss.	James E. Negus.	Thomas Mount,	100,000
3766	Bryn Mawr National Bank..... Bryn Mawr, Pa.	Hamilton Egbert.	A. A. Cadwallader,	100,000
3767	Thomasville National Bank..... Thomasville, Ga.	S. L. Hayes.	James A. Branden,	100,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from July No., page 72.)

CONN...	Mystic.....	Mystic National Bank has gone into voluntary liquidation.
ILL....	Homer.....	First National Bank has gone into voluntary liquidation, and succeeded by Citizens' Bank.
IND...	Attica.....	Citizens Bank succeeded by Citizens National Bank same officers.
KAN. .	Concordia.....	C. W. McDonald succeeded by Citizens National Bank.
"	Downs.....	Exchange National Bank has gone into voluntary liquidation.
"	Leavenworth...	Citizens Savings Bank has failed.
"	Mankato.....	Case, Bishop & Co. now First National Bank.
MO....	Kansas City....	Bank of Commerce now National Bank of Commerce.
"	Louisiana.....	Exchange National Bank has united their interest with the Bank of Louisiana, under the title of Bank of Louisiana.
PA.	Philadelphia...	Columbian Bank has assigned.
TEXAS..	Henrietta.....	National Bank of Henrietta has failed.
WIS....	Beloit.....	First National Bank has gone into voluntary liquidation, and succeeded by L. C. Hyde & Brittan.
"	New London..	Bank of New London (Perrin & Bingham) now Murray & Klepser, proprietors.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JULY, 1887.

GOVERNMENTS.				RAILROAD STOCKS.				MISCELLANEOUS.			
Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.
4½s, 1891, reg.	109½	108½	108½	Col. H. Valley & Tol.	—	30¼	24½	Norfolk & Western.	—	19	—
4s, 1891, coup.	109½	108½	108½	Col. & H. C. & I.	42	102	31½	Do	48½	41½	—
4s, 1897, reg.	109½	108½	108½	Del. & Hudson	133½	124	100½	Northern Pacific.	33½	32½	33½
4s, 1897, coup.	109½	108½	108½	Del. Lack. & W.	133½	124	100½	Do	33½	32½	33½
½s option U.S. reg.	109½	108½	108½	Den. Do.	133½	124	100½	Ohio & Mississippi.	60½	58	59
6s, cur. cy. 1895, reg.	123½	122½	122½	East Tenn. V. & G.	133½	124	100½	Do	27½	25½	26½
6s, cur. cy. 1895, reg.	123½	122½	122½	Do	133½	124	100½	Do	—	—	—
6s, cur. cy. 1896, reg.	123½	122½	122½	Fort Worth & Den.	25½	25½	25½	Oregon Southern.	18	17	17
6s, cur. cy. 1897, reg.	123½	122½	122½	Do	25½	25½	25½	Oregon R. & N.	52	45	45½
6s, cur. cy. 1898, reg.	123½	122½	122½	Houston & Texas C.	—	46½	45	Oregon Short Line.	20½	22	22
6s, cur. cy. 1899, reg.	123½	122½	122½	Illinois Central.	122	123½	121½	Oregon & Trans-Con.	31½	31½	31½
	123½	122½	122½	Indiana, Bloom. & Western.	22	21	18½	Pacific Mail.	47	47	47
	123½	122½	122½	Lake Erie and Western.	22	21	18½	Peoria, Decatur & Evansville.	35½	35½	35½
	123½	122½	122½	Do	22	21	18½	Philadelphia & Reading.	57	58	57
	123½	122½	122½	Lake Shore.	98½	98½	98½	Pullman Palace Car Co.	152	148½	148½
	123½	122½	122½	Louisville and Nashville.	64½	64½	64½	Richmond & Allegheny.	3¼	3¼	3¼
	123½	122½	122½	Louisville, N. Alb. & Chic.	121	121	109½	Richmond & Danville.	—	—	—
	123½	122½	122½	Manhattan Consol.	121	121	109½	Rome, W. & P. Term.	31½	25½	28
	123½	122½	122½	Marq. H. & O.	—	93½	93½	St. Louis, A. & T. H.	43½	39	39½
	123½	122½	122½	Do	—	93½	93½	Do	—	—	—
	123½	122½	122½	Memphis & Charleston.	91½	91½	81	Do	77½	75	75
	123½	122½	122½	Michigan Central.	—	85½	80	Do	—	—	—
	123½	122½	122½	Mil. L. S. & W.	—	111½	106	Do	80	82	82
	123½	122½	122½	Do	—	111½	106	Do	108	103½	103½
	123½	122½	122½	Minn. & St. Louis.	—	17	13½	Do	117½	112½	112½
	123½	122½	122½	Mo., Kan. & Texas.	—	29½	24½	Do	117½	112½	112½
	123½	122½	122½	Missouri Pacific.	104½	104½	95½	Southern Pacific Co.	36	39	39
	123½	122½	122½	Nash. C. & St. L.	110	110	106½	Tenn. Coal & Iron.	30½	30½	30½
	123½	122½	122½	N. Y. C. & Hudson.	110	110	106½	Texas & Pacific.	30½	30½	30½
	123½	122½	122½	N. Y. C. & St. L.	110	110	106½	Union Pacific.	58½	58½	58½
	123½	122½	122½	Do	110	110	106½	Virginia Midland.	46½	46½	46½
	123½	122½	122½	N. Y. E. & W.	110	110	106½	Wabash, St. Louis & Pacific.	19	19	19
	123½	122½	122½	Do	110	110	106½	Do	33½	34	34
	123½	122½	122½	N. Y. & New Eng.	32½	32½	30	MISCELLANEOUS—	—	—	—
	123½	122½	122½	N. Y. Ont. & W.	52½	52½	40	Express—Adams.	150	145	145
	123½	122½	122½	N. Y. Sus. & W.	17½	17½	16½	American.	110½	109½	109½
	123½	122½	122½	Do	33	33	29	United States.	70½	66	66
	123½	122½	122½					Wells-Fargo.	135	128	128
	123½	122½	122½					Western Union.	77½	78½	78½

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

July has been a month of speculative inactivity in striking contrast to the month of June. As that was a culmination of most of the bull speculations in staples of commerce, as well as in the stock market, so this month has been the liquidation of those speculations, and of the speculators engaged therein, who were fortunate enough to remain solvent through the trying times in June. Those who went down in that crash have been attempting to disentangle and settle up their affairs preparatory to resuming business again. But the headway made in this regard has been slow, while the inability of the great number of suspended houses to settle has left their solvent creditors so tied up or crippled as to render them incapable of returning to the speculative arena as active operators. When it is remembered that this liquidation has been going on in all the speculative markets, and that it has been accompanied by a further severe decline in prices, in most cases far below those reached on the June panics, it will be seen that there has been ample cause for one of the dullest Julys on record. Add to this the unusually and uniformly high temperature of the month, and it will be seen that business must have possessed unusual vitality to have withstood the losses and upheavals of the previous month and remained in so healthy condition through such stagnation.

This is especially the case when we add to the June panics, in coffee, wheat and stocks two more in July in cotton and petroleum. The wonder is, therefore, that there has been any one left in these markets to speculate at all, after such widespread and severe losses as have been sustained by which even sound houses, and those not engaged in these speculations, have been more or less hurt, directly or indirectly, by the crash, or the liquidation that was forced thereby.

Had not the legitimate business of the country been upon an unusually sound and healthy basis, the effects of these causes would not have ended with the speculators, but have extended until they had become general. The evidences that the legitimate situation has had nothing to do with these speculative upheavals, and that they are not, as usual, the indications of a general business collapse, after a period of inflation in values, are not wanting, nor far to seek. The iron industries, which are the accepted barometer of the country's financial atmosphere, and the earnings of the railroads, which are the sure measure of the country's business, prove most conclusively that both are in a sound condition. The lull in the iron trade, during the late spring and early summer, which was looked upon by many as evidence that we had reached the climax of the recovery in our great industries from the late depression, and that we were about to start back on the down grade again, has given way during the past month to renewed activity and increased firmness in prices. It does not overcome the weight of this evidence to say that much of this activity is due to the enormous increase in railroad building, for it is well known that the great bulk of this new railroad construction is mostly being done by the oldest and strongest railroads

in the country, namely, the Granger and Southern roads, whose extensions are not into new country that must be settled and developed before they secure traffic to pay; but they extend and connect those great systems to and with new trade centers that have grown up in advance of them. This era of railroad building is therefore less speculative for the profits of construction than any we have ever seen.

The fact that it is in these sections of the country, and on these systems, that the increase in railroad earnings is greatest, proves the above position, that this is not "wild cat" railway construction, and, therefore, not a speculative activity in the iron trade, that would make it distrusted as an index of the real business situation.

As to the increase in railroad earnings, they are more than usually important in their bearings, because of the fact that they have so largely increased under the first four months of the operations of the Inter-State Commerce law, which was expected to have exactly the opposite effect upon railroad earnings.

It cannot be answered by the claim that the general business of the country was so much greater than a year ago as to overcome the evil effects of this law. For Commissioner Fink himself tells the writer that the business of the trunk lines has been about the same since the new law went into operation this year, as last; and that he did not think the business of the country was any greater. He also frankly admitted the alternate conclusion that the Inter-State law had been a benefit rather than an injury to the railroads. While he said he did not favor the long and short haul clause, he admitted that the trunk lines proper had not suffered by that provision of the law, even. Only cross line feeders of the trunk lines, which had been built to tap the territory of rival through routes, had suffered by the long haul section of the law, which prevented the hauling of freight around two sides of a triangle at a loss, when there was a direct line that had to haul it over only one side of the triangle. In other words, he admitted that this very section of the law, which he said was the only one that had not worked for the benefit of the trunk lines, protects each line in the business that really belongs to it on its own direct route, and enables it to control this traffic at a profit instead of dividing it with an indirect rival that had to haul it farther, at a loss; while the latter, in return for the loss of this indirect traffic that paid it nothing, is in turn protected from the inroads of the former along its own line on business, which it also now controls at a profit under the new law, and which it formerly had also to divide at a loss under the old regime.

These results of the operations of this law for the first four months of its existence, upon the most important system of railways in the country, as given by the highest authority on railroad matters, are especially important because of their bearing upon the money market, the manufactures, and the general commerce of the country. For the effects of this new law had been expected to have a greater influence upon our commercial, industrial, and financial affairs than any other, if not than all other influences combined, and these effects were almost universally expected to be bad upon each and all these interests.

When, therefore, the result has proven that these great moneyed corpora-

tions, which are the most important factors in the finances of the country, and the great iron industry, which leads all other industrial interests and the general business of the country, have actually improved in the face of all these unfavorable influences of panics, it is safe to conclude that the country is all right, and that these failures of speculators to anticipate higher values of commodities and investments, too soon, are not an indication of a collapse in general business. Thus much as to the significance of the panics among the speculators for a rise in all the speculative markets. They anticipated not only too soon, but too rapidly, the recovering prosperity of the country. They looked for the "booms" that accompanied the inflation that attended the recovery in 1879-80, and the panics were the result of the lack of speculation in general business, which is the healthiest sign of the times.

As to the fears of a continued tight money market, on which the financial situation has hung between hope and doubt since our last, there appears to be again occasion for these fears as a month ago, when they had been aggravated and exaggerated for effect by the Gould-Sage bear combination in the stock market. Their purpose, in "shaking out" their late Wall Street partner Field's Manhattan stock, and getting it at a safer basis, as well as other stocks of properties they desire to control, does not yet seem to have been accomplished, although the screws were taken off the New York loan market and the banks again given control. But the fright they experienced, and the realizations at severe losses that speculators have been compelled to make, have made both timid operators in the money and speculative markets since, with a sort of chronic belief, which has lately become prevalent in Wall Street, that because Gould and Sage are able to control the money market at will, they will find it to their interest again next fall to renew their late Sullivan tactics in Wall Street, as they have done twice within the last six months, namely, in December and June, causing a panic in the stock market on both occasions, the first of which retired the "Big Four" combination of Chicago from Wall Street as "Big operators," and the last of which relieved "Friend Cyrus" of his load of Manhattan. It is no wonder that both speculators and the public have given a wide berth to Wall Street since these "slugging matches with gold knuckles," as these raids are called, have come to be the controlling methods of Wall Street. The Stock Exchange Committee, which is hunting after the causes of the loss of their business and the decadence of the Stock Exchange, need look no further than these methods for the chief cause, as it was with the Standard Oil Company and the petroleum market. This fear of manipulation, by which two men can control the money and hence the stock market of the country, more than "tight money," of which so much is said, is what keeps everybody out of Wall Street to-day, when the railroad earnings were never more favorable to an active bull market, and when the bugbear of the Inter-State Commerce Law is removed proving in favor of the railroads instead of against them. As to the real condition of the money market, so much has been written that little new can be said on the subject. The bank surplus is small but it is increasing, and the flow of money West to move the new crops is not likely to be so large as usual this year, for more money than usual went to the West last spring, and it is there yet, while the

continued break in wheat the past month has carried the price of that great export staple lower than last crop, and to a point that farmers are beginning to stop selling. Cattle are cheaper than ever, the supply of hogs less than last year, and the grain and hay crops less than a year ago, and will require less money than then to move them. The cotton crop prospects are so fine as to have broken the backs of the Galveston and New Orleans clique who were bulling it, and hence a large and early movement of that crop into export is likely. But our other crops are likely to move slowly after another month, when Europe will be using the best wheat crop she has raised in many a year, including Great Britain also. Hence the prospects of our exports the coming year are not as good as for the past, and should imports keep up to the present volume, we can scarcely hope to get through another year without exporting some gold, unless the present flow of money from Europe to this country for investment, either in our railways, our manufactures, or our land, shall continue on the present scale.

The policy of the new Secretary of the Treasury in regard to the public debt and the money market is therefore considered the pivot of the money market, and there is already considerable talk of there being too little currency in circulation for the wants of the country. This, together with the late panics, has released about all the money tied up by speculation, and the legitimate business of the country seems to have absorbed our circulating medium. Time loans, however, have been made at moderate rates by many Wall Street lenders, who say there is so little demand for speculative purposes, that they are glad to make long loans, and do not fear any stringency in the near future. To be forewarned is to be forearmed, and the country has had warning enough the past month to prevent a tight money market next fall, unless speculation should set in on the bull side of things generally again, which is hardly probable after the crippling speculators, and commission men too, have lately received.

This holds good in stocks, in wheat, in cotton, in coffee, and in petroleum, although, in the latter, fewer failures attended the collapse in prices, because there was less a bull panic in oil than a Standard oil raid, and hence less long interest and well scattered, as the public will trade in this staple no more, since it is simply carrying their fleeces to the Standard shearers.

The losses in the wheat trade were no doubt the heaviest and the most general, and hence the inability of that market to rally much after a continued decline during the last half of July to the lowest point on record, in many markets; No. 2 Chicago having been sold at 29 shillings laid down in Liverpool, or equal to 87c. per bushel there.

This last decline has met with no resistance since the first half of July, or since Cottrell delivered the cash wheat in the New York market on his July contracts about the middle of the month. After having successfully cornered June and forced the price to \$1.07 on the last day of that month, and compelled a heavy foreign short interest to settle about 2,500,000 short wheat sold at 87 up to 95 or 12 to 20 cents per bushel loss, and making shippers pay two to five cents premium for cash wheat in July until the offerings of new crop *c.i.f.* for July delivery in New York, rendered the exporters independent of the clique for No. 2 red wheat. Then it was that the New York clique dropped the deal, since when there has been no concen-

trated bull support here or in Chicago, although exporters bought freely on the decline. Meantime, the California Syndicate in Liverpool is holding nearly all the stock there at much above current prices, and it hangs over the markets as an incubus, lest at any time they may throw it on the market and close out their disastrous deal, as those in this country have all been, except the June deal in New York, which alone was successful out of all the bull movements, except that in mess pork last spring, and that which is going on in Chicago in ribs, both of which are small affairs and blind corners compared with those in other staples. With the California wheat in Liverpool liquidated, these produce markets will all be back upon a sounder and more legitimate basis than for months, and on a low enough level to do better, unless it may be provisions which have been held up by the big packers on the lighter supply of hogs, and good home demand for their products. There is talk of another deal in cotton for August, and that the stock in New York is being concentrated in the hands of John H. Inman, who is said to have taken hold of it on the panic that followed the failure of the Galveston syndicate. Cheese has been bulled in the face of lighter exports and hot weather, and lower prices have been looked for.

In other markets little of interest has occurred to note, as the markets are generally in a dull, hot weather rut, with prospects of improvement so soon as cooler weather sets in.

Sterling exchange has ranged during July at from $4.83\frac{1}{2}$ @ 4.85 for bankers' sight, and $4.82\frac{1}{4}$ @ $4.83\frac{1}{2}$ for 60 days. Paris—Francs, $5.21\frac{3}{8}$ @ $5.20\frac{3}{8}$ for sight, and $5.24\frac{3}{8}$ @ $5.22\frac{1}{2}$ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, $4.82\frac{1}{2}$ @ 4.83 ; bankers' sterling, sight, $4.84\frac{1}{2}$ @ 4.85 . Cable transfers, 4.85 @ $4.85\frac{1}{2}$. Paris—Bankers', 60 days, $5.23\frac{3}{8}$ @ $5.23\frac{1}{4}$; sight, $5.21\frac{1}{4}$ @ $5.20\frac{3}{8}$. Antwerp—Commercial, 60 days, $5.25\frac{3}{8}$ @ 5.25 . Reichmarks (4)—bankers', 60 days, $94\frac{3}{8}$ @ $94\frac{1}{4}$; sight 95 @ $95\frac{1}{8}$. Guilders—bankers', 60 days, $39\frac{1}{8}$ @ 40 ; sight, $40\frac{3}{8}$ @ $40\frac{1}{4}$.

DEATHS.

BOARDMAN.—On July 10, aged seventy-six years, ISAAC H. BOARDMAN, President of Merchants National Bank, Newburyport, Mass.

DE RIVAS.—On July 14, aged thirty-eight years, MANUEL E. DE RIVAS, partner of firm of M. E. De Rivas & Co., N. Y. City, N. Y.

GREENE.—On June 26, aged fifty-seven years, M. M. GREENE, President of Clinton National Bank, Columbus, O.

HILL.—On July 15, aged forty-nine years, A. B. HILL, V. P. of Stock Exchange, N. Y. City, N. Y.

PERKINS.—On July 12, aged eighty-two years, WILLIAM PERKINS, President of Provident Institution for Savings, Boston, Mass.

Sandiford.—On July 26, aged fifty-six years, Dr. E. D. SANDIFORD, formerly president of Farmers & Drovers Bank, Louisville, Ky.

SIBLEY.—On July 15, aged forty-seven years, GEORGE R. SIBLEY, President of National Bank of Augusta, Ga.

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THE SURPLUS AND THE MONEY SUPPLY.

Some uneasiness has been apparent for a considerable period over the accumulations in the treasury. The principal source of this uneasiness is in Wall street. If anything can make Wall street supremely happy, it is the discovery of something that will disturb the calculations of people concerning the future. The full-fledged Wall street speculator well knows that he can thrive only amidst storms. When business is good and moving along quietly his occupation is gone. To make money, therefore, he must keep people in a perturbed condition. He must behold frowning skies and howling tempests; and perceiving nothing just now of a threatening character in the business world, he has turned his organs of vision towards the treasury vaults, and has discovered there, as he thinks, a real source of danger to the money market. While professing to be unhappy over this discovery, he is really rejoicing, for the evils arising from a tight money market may bring gain to him.

It is true, we believe, that this fear is shared by a few outside Wall street. Now and then a bank president has become infected with the same fear. He really thinks there is some cause for danger in the growing surplus in the treasury. If these gentlemen would stop for a moment to compare the danger of this accumulation of money with the enormous loans made to the speculative class, they would perceive at once how much more danger there is of a tight money market from the action of the banks than from the action of the treasury. The loans of the banks may be roughly divided into two large classes—first, to the mercantile

class; and, second, to speculators on the security of stocks and personal obligations. The amount of loans to speculators by banks in some of the large cities, especially in New York, Boston and Philadelphia, is very large, and it is possible that they may loan so much to this class as to leave an inadequate supply to the other. The point of our remark is that the few millions in the treasury which might, perhaps, be used for the mercantile class, is very small compared with the money loaned by banks for speculative purposes. Now, if the banks are fearful that there may not be money enough for legitimate purposes of business, they can easily make the supply adequate by reducing their loans to the speculators. Moreover, such a policy would be harmful only to this class.

This is the first fact in the situation to be clearly seen. There is not the slightest danger of a tight money market for legitimate business if the banks keep their loans low enough to the speculators. Of course, it is quite true that if they loan largely to them there may not be enough to go all around. Should this event happen, it would be the fault of the banks themselves, and could not be ascribed to the action of the government. The banks are easy masters of the situation, and it remains for them to say whether those needing money to move the crops and to carry out the regular pursuits of the country shall be abundantly supplied with money for their purposes. The forty or fifty millions of surplus in the treasury is a very small supply compared with the thousands of millions of capital, circulation and deposits in the discount banks and trust companies.

While all this is perfectly clear and well understood, it is also worth while to consider the policy of the treasury with respect to the surplus. The secretary has adopted two plans for reducing it. One is the purchase of bonds, and the other the payment of interest in advance, with a slight reduction in amount. It remains to be seen what will be the effect of these measures. A small portion of the interest money has been paid, but we have strong confidence that a considerable amount of bonds will be bought by the government. We do not share in the belief of some, as our readers know, that the purchase of bonds at a premium is such a bad thing and not to be done if it can possibly be avoided. We have urged all along the policy of bond purchases. If they are not bought we must pay interest, and whatever be the premium given, it will be very considerably less than the interest that must be paid if the bonds are not purchased. The buying of them at any figure less than the aggregate amount of interest during the period they are to run is a positive gain to the people, and there are growing indications that this fact is dawning on them. As

soon as they see that this is real economy, they will recover from their present feeling of repugnance, and favor the buying at a premium, and the old policy will go on as heretofore. That, in our judgment, is the wisest policy to pursue. It may be well enough to reduce the revenue in some regards, but in the main, business having become accommodated to it, we should go on paying the debt until the last dollar has been discharged. The best time to pay it is when the people are in the mood for so doing, and this is the present. Every possible argument is in favor of the continuance of that policy. The Secretary of the Treasury is more timid than he need be in this regard, and if he exercised greater boldness in buying bonds, we are quite sure that his course would meet with increasing favor.

FRAUDS IN BOOKKEEPING.

The recent crop of frauds in the business world and among bank and public officials has led persons to criticize the existing methods of doing business. Since Harvey's astounding case of forgery, which was described last month, some of the wise ones have been saying that the government system of bookkeeping was quite antiquated and ought to be set aside for something more modern and better adapted to the prevention of such evil practices. It is true that the system is very ancient. Alexander Hamilton devised it, and his successors have not added very much to it in the way of checks against wrong-doing. From time to time slight additions have been made here and there, but its principal features are the same as when that great genius organized the treasury department. All who ever studied that system with much care have reached the same conclusion, that in the main it is admirable. People complain of the enormous amount of red tape in order to accomplish business, but the object of this elaborate system was to guard against those performances of which Harvey's is the latest illustration. The government can afford to do business slowly, hence it is practicable enough to have this elaborate system of checks in order to secure the public against defalcations. A few years ago an elaborate table was made of all the losses sustained by the government from the beginning to that time, and the percentage of loss to the amount of money handled was very small. In truth, it was highly creditable to the honesty of the government officers, and proof also of the success of the system under which so much had been collected and disbursed. The Harvey affair was most extraordinary. Such a series of forgeries has never been committed before in the financial history of the government, and is not likely to be soon repeated. Of course, we

all know that any system, however elaborate, may prove faulty, but the long trial which the present one has had, and the success which has attended it, justify its use in the future.

This, however, cannot be said for the systems of banks, and other corporations, and of individuals. Their systems are much shorter and less adequate for the prevention of such misdeeds. It would be easy enough for a bank, for example, to have an elaborate system somewhat like that of the government, and one, too, which would work just as perfectly, so far as preventing frauds is concerned, but there would be two difficulties in the way. First, the expense, which would be the smaller; and, second, the greater time required in order to transact business, and this would be very serious. Banks understand well enough that it would be practicable to have all the money received and paid out go through more hands than it does at present, but such a system would also require a depositor or presenter of a check to wait a longer time before completing his business, and this would make him feel uncomfortable. So banks and other like institutions take the risk in order to save time. This is the whole story. Banks well understand that promptitude is one of the indispensable elements of success at the present day, and to attain this end the smallest number of officials possible must be set to work to do the business. The smaller the number of officials, the fewer also will be the checks on their conduct, and the risks will be increased.

It may be that in consequence of the recent pretty costly occurrences that moneyed institutions, partnerships and other large concerns may be led to go a little more slowly and pay a little more money for the sake of reducing their risks through mismanagement and dishonesty of their clerks. This is the lesson which these occurrences have for business men. It may be added, though, that a good many of them, and who have been very successful in making money, have a very imperfect knowledge of bookkeeping and technical modes of collecting and paying money. There are some bank officials even, who, while managing large affairs with great success, know the worth of a piece of paper every time, do not know very much about bookkeeping. Of course, it is not expected that a bank president or manager will engage in bookkeeping, but then if a clerk knew that his master understood what the books meant from beginning to end, he might be less inclined to falsify the record than he would if bookkeeping were quite unknown to the presiding officer of such an institution. The subject is one well worth considering, and especially so in view of what has recently happened. Perhaps we shall hear something about it at the Bankers' Convention next month.

FINANCIAL FACTS AND OPINIONS.

Western Investments.—The amount of eastern money that is going West for investment is enormous. The annual report of the New Hampshire bank commissioners shows a further increase in the loans made at the West by the institutions under their supervision. The savings banks of the State have deposits amounting to \$50,822,762, or \$3,670,206 more than a year ago. Of this amount, \$18,506,150 are loaned on western farm or city mortgage security, while the sum so loaned has increased during the year by \$3,050,227. The western farm loans is a noteworthy feature of the New Hampshire savings bank system. Thus far, these operations have been conducted with prudence, and the returns have been satisfactory. But when one looks West he may wisely conclude that it is worth while to investigate a little more before sending much money there. Of course, many millions have been invested in the Western States on ample security; or, rather, the conditions of the transaction have justified the risk. But is there not too much investing without adequate investigating? For example, a recent issue of the *Real Estate Circular*, published by Thomas Magee, at San Francisco, contained the following: "At Kansas City, a place of about 140,000 inhabitants, they are now selling an average of \$400,000 worth of real estate daily, or at the rate of \$10,500,000 worth a month. At Wichita, Kansas, a place of yesterday, with an unproved claim to a population of 40,000, they sell real estate at the rate of \$4,000,000 a month. Kansas City is pretending to competition with Chicago, and Wichita to competition with Kansas City. And this booming is going on nearly everywhere. The city and county in which land has shot nearest to the skies, without reference to income returns from town rents on the one hand or to net returns from any kind of possible crops on the other, is the place in which it is supposed the greatest prosperity has perched, and to which the greatest congratulations are to be offered."

Is it not quite certain that in those places where the ownership of real estate is changing rapidly at advancing rates, and mortgages are put thereon at a very considerable portion of the advanced valuation, that someone will get hurt? All is well so long as the value is advancing, but sooner or later there will be a halt, and it generally comes sooner than the last purchaser expected. In these operations every buyer knows that a fool is lying around somewhere, but he, of course, expects to sell in time, and thus escape playing the part of the fool. That is the way the tulip

vendors reasoned. They knew that no tulip that was ever raised was worth, for the purpose of gratifying the taste, five hundred or a thousand dollars, yet he quickly gave those sums if he believed he could sell at a large advance. When an advance in prices is based on no solid foundation, it is certain that after a period, and usually a very short one, reason will regain her throne, and prices will recede. This has always been the history of buying and selling. It may well be questioned whether many of the advances in western real estate are not of this nature, and if they are, the sooner the speculative craze is checked, the smaller will be the amount of money lost. As for taking mortgages on real estate which has recently advanced in value, the lenders can hardly employ their time in a more profitable way than in finding out through the best possible sources the true worth of the land they propose to take, or which is offered to them as security.

The Duties of Directors of Corporations to Public Examiners.— Since the investigation of the New York Insurance Department into the affairs of the Phenix Insurance Company some of the former directors have been talking. Among other things, they said that, several months ago, in consequence of criticizing the management of the company, they were displaced by others who were less critical. Some of them sold their stock, and then their interest in its affairs ceased. They suppose that such a course is often pursued by dissatisfied stockholders or directors. They resign and sell out. This is the quickest and easiest way of ending relations with a company whose management is disapproved. But have they not a further duty to perform? If a State has established authority for investigating the condition of all those institutions which exist under its laws, should not a director, when his complaints and criticisms do not receive satisfactory attention, appeal to the State authority? It may be that if such authority listened to all the complaints of stockholders he would have too much on hand; but surely he could listen to the complainings of directors, and if the directors of this company had gone to the superintendent of the insurance department as soon as they were assured of the purposes of the manager of the company, an investigation would probably have followed. This may not be an agreeable thing to do, but it would be better for incorporated companies and the public. To resign and say nothing is simply to give a bad management a better opportunity to continue in the old and ruinous ways.

The last Bank Statement possesses more than ordinary interest, because the returns from St. Louis and Chicago were the first received under the new law authorizing those cities to be made

cities of reserve. Chicago has jumped from \$32,000,000 last year to \$37,500,000 this year, but St. Louis, which reached \$40,000,000 last year, will make a still better showing this year. Controller Trenholm has a chart which exhibits the highest and lowest points reached by the reserves of the national banks for a series of years. The banks are divided into seven groups, the New England States in one, New York and Pennsylvania in another, the cotton States in a third, and so on. Heretofore there has never been a census taken between June or the beginning of July and October, during which time the annual movement of currency to the West and South from the handling of the crops takes place.

Increase of the Currency.—The New York *Evening Post* presents the following figures showing the increase of currency in this country from July 1, 1886, to August 1, 1887:

	July 1, 1886.	Aug. 1, 1887.	† Increase. * Decrease.
Gold coin.....	\$358,790,428	\$377,350,204	†\$18,559,866
Silver dollars.....	52,469,720	56,059,389	†3,589,669
Subsidiary coin.....	46,156,256	48,947,826	†2,791,570
Gold certificates.....	76,044,375	94,990,087	†18,945,712
Silver certificates.....	88,116,225	144,166,141	†56,049,916
U. S. Notes.....	323,812,700	327,047,276	†3,234,576
National bank notes.....	308,316,352	273,312,172	*35,004,180
	\$1,253,706,056	\$1,321,873,185	†\$68,167,129

An increase of \$68,167,129, added to \$1,253,706,056 of currency on the 1st of July, 1886, within thirteen months, is quite enough to insure an easy money market, so far as governmental action is concerned. In other words, this increase is an offset to the accumulation in the treasury. Elsewhere we have shown what is a more important factor in the money market than either the increase in the treasury, or changes in the way of addition to the monetary supply.

Taxation of Personal Property.—In only a few places is much personal property found by the assessors for tax purposes. While it is well known that enormous amounts exist which should be swept within the tax levy, only a small portion is caught by the net. In Brooklyn, however, the assessors have added more than \$2,000,000 this year, and this addition, with an increase in real estate valuations, has created something of a surprise. Last year the amount of personal property assessed was \$27,500, while this year the amount is \$2,219,100. The Long Island Railroad has hitherto escaped the payment of a personal tax, but this year the assessors have discovered nearly \$300,000 worth of taxable chattels, such as cars, locomotives and machinery. The East River Ferry Company, which has never been assessed on personal property, is now taxed on \$150,000. The Standard Oil Company is assessed for \$250,000 and the Woodruff

Palace Car Company for \$100,000. The assessors have succeeded in putting an enormous increase on the valuation of real estate in Brooklyn for the purpose of taxation. Their valuations this year are \$362,138,563—an increase of \$22,215,751. With such a large increase in valuation there will be a smaller tax, unless the expenditures are larger than usual. In other words, the aggregate burden of taxation will be no heavier by this increased valuation. But the burden of individual or corporate tax-payers will be changed. So far as the changes in assessment approximate to the true market valuation of the real estate, they are an advance in the right direction. This is the only correct standard of assessment, and every step toward it is safely taken.

Nicaragua Canal.—At the New York session of the American Association for the Advancement of Science, several very important papers were read describing the Nicaragua Canal scheme. Engineer Menocal stated that surveyors would soon be at work. Under the new concession the canal company has deposited with the Nicaraguan government \$100,000, which will be forfeited if certain conditions shall not be observed. These conditions are, we believe, that the surveys shall be completed in two and a-half years, and that the company shall begin the work of construction within one year thereafter. It is proposed that there shall be on the ground next winter ten engineers, each directing a large party of subordinates. Engineer Menocal estimates the cost of the entire work at from \$60,000,000 to \$75,000,000. He says that no one connected with the several Nicaragua exploring expeditions since 1872 has suffered in health by reason of the climate. In Surgeon Bransford's paper the sanitary advantages of the Nicaragua route as compared with the Panama line were fully described. These advantages are of great importance when considered in relation to the supply of labor for canal work. The Panama isthmus is one of the world's plague spots. Commander Taylor directed attention to the fact that the Pacific outlet of the proposed canal lies above the region of calms through which vessels using a canal at Panama must pass. This seems a much more feasible undertaking than the one at Panama. As stated in the last number of the MAGAZINE, De Lesseps called for \$42,500,000 more, promising to repay \$100,000,000 and to give 7 per cent. interest on the money actually loaned, but has obtained only \$21,250,000, which is about enough to pay for one year the company's expenses for interest, administration, and "service of the debt," leaving scarcely anything for work on the canal. This sum, with the money on hand when the loan was issued, may enable the company to go on for eight months or a year, but at the expiration of that time it

will be forced to suspend work unless another loan shall be forthcoming.

Just before this call was made, M. Paul Leroy-Beaulieu, editor of *L'Économiste Française*, reviewed the history of the company's operations, its broken promises, the small portion of the work done, the enormous expenditure already incurred, and one would suppose that no sane person would have subscribed for another cent after his intelligent and fair review of the enterprise. The *New York Times* in reviewing the article says that "the truth is that the sum of the company's obligations is now, assuming that one-half of the recently offered bonds have been sold, about \$334,500,000, and that this amount represents only \$209,500,000 obtained in cash, the difference exceeding by 25 per cent. the entire cost of the canal at Suez. . . The annual expense of the 'central administration' is stated to be \$331,000. An official report presented to the Mexican Government asserts that the annual expenses of administration 'in Paris and Panama, taking an average of the last five years,' have been \$2,126,389. In short, the entire annual expenses for interest, administration, service of the debt, services of the 'American Committee,' etc., excluding work on the canal, will now be not far from \$20,000,000, if half of the new loan has been taken. The annual payment to the 'American Committee' is \$300,000. 'What kind of an expense can this be?' asks M. Leroy-Beaulieu. This is a question which the company might find it difficult to answer. . . M. Leroy-Beaulieu does not refer to the great and unexpected obstacles which the company has encountered on the isthmus. Possibly the French have not yet heard about the sliding mountain and the rising bed of the canal in the lowlands. But a statement of the company's financial condition is sufficient in itself to carry a warning to French investors, and it appears that some of them have given it the weight which it deserves. A company whose annual expenses for interest, administration, etc., aside from the cost of digging, are about \$20,000,000, and that can borrow only \$21,250,000 even at a cost of 10 per cent. for interest and negotiations, with a promise of repaying \$50,000,000 for it, is in the quicksands. It cannot long survive."

Water Transportation.—Every dog has his day and the water spaniels on the lakes are now having theirs. "The extraordinary revival of the lake transportation business," says the *Chicago Times*, "has given occupation to every trustworthy vessel on the chain of lakes, and there has been during most of the present season an altogether inadequate supply of tonnage. Probably to an extent hitherto unequalled, merchandise and produce of various kinds have sought the water routes, owing to the advance in transportation

charges on land, and the vessel owners are making such handsome profits on their investments that propellers, steam barges and good sized sail vessels are in good demand by investors, but small sail craft are given the cold shoulder, for their day has gone by. The shipments of lumber, coal, salt, iron ore, etc., have been remarkably heavy, and the shipments from the iron mines continue surprisingly large. All this is in pleasing contrast to the heavy cloud that rested on the lake vessels for so many years, during which many craft lost money instead of making it." But the lake transporters have waited a long time. Nor do they hold their business by a very secure tenure. It is true that they seem to have confidence, for they are building many vessels, both for lake and for Mississippi river traffic. Yet the railroad companies will hardly permit a large diversion to go on very long without making an effort to recover it. So long as the operation of the Inter-State Commerce bill enables them to more than make up the losses in any way, they are not likely to be disturbed, but whenever their earnings decline, either through its operation or in consequence of a general decline in business, the railroad companies would doubtless speedily reach out for their lost trade. The event, too, is another illustration of the uncertainties attending business. Only a short time ago the lake commerce seemed almost as hopelessly doomed as was the eastern Mediterranean commerce by the discovery of the Cape of Good Hope. After waiting nearly four hundred years the commerce of Asia has returned to its more ancient way, by doing one very small thing, considered in the light of consequences, by building the Suez canal. One of the unforeseen effects of the Inter-State Commerce law is the using of the lakes for transportation purposes as they have never been before. Thus the game of chance in business is never played out, and never will be, only with the cessation of business itself.

Operation of Inter-State Commerce Bill.—The *Boston Commercial Bulletin* says that the utter inadequacy of the Inter-State Commerce bill is shown in the case of freight rates on turpentine from New York to that city. A barrel holding 52 gallons of turpentine or petroleum can be sent from Boston to any port of England, France or Germany for 50 cents. If the same barrel of turpentine is sent from Savannah to Boston the freight is 90 cents. If it is sent from Wilmington, North Carolina, to Boston via New York and the Metropolitan Steamship Line to Boston, the freight, including charges for wharfage and all expenses for transshipment, lighters, etc., is 96 cents. If it is shipped directly from New York to Boston via the Metropolitan Steamship Co., the freight is 97½ cents. The Metropolitan Steamship Company, it will be seen, charges a higher

rate for goods brought from New York than from North Carolina, although in the second case the goods have to be transferred and eshipped at considerable expense.

Manufacturing Pools.—These are often the consequence of heavy losses through excessive competition. The india rubber manufacturers who are now combining, are doing so in consequence of the severe losses they have sustained by pursuing the opposite policy. This is the origin of most of the transportation pools. Seven years ago the wall paper manufacturers formed a pool in consequence of the same state of things. The pool began by selling its productions through the three wall paper jobbing houses which were then in existence, and required each member to pay \$5,000 into the pool as a security for the proper execution of the agreement. The pool tax was subsequently lowered to \$2,000, and at this rate about fifty houses joined the pool and established a jobbing trade. While the pool proved a more or less advantageous scheme for all parties, there were a few alleged dishonest members who secretly broke the pool contract by selling directly to the retail trade at pool prices; or by allowing special discounts, gifts and gratuities to jobbers, or otherwise, broke faith with their colleagues within the pool. Besides, the outside manufacturers of a cheap class of goods, made in imitation of the better qualities, profited by the pool arrangement to the extent of the difference between the jobbers' and the retailers' prices.

The twenty-two pool houses embraced all the first-class manufacturers and some of the lesser ones. Their products of machine-made goods, which alone were included in the pool, amounted to about \$6,000,000 a year, and the thirteen outside made about \$2,000,000. Strenuous efforts have been made of late by some of the pool houses to renew the pool agreement for another period, and in this they met with material encouragement from some outside manufacturers, who were anxious that the pool should continue, but unwilling to join. Some of the very largest houses determined, however, that as the pool could only be of benefit to them unless joined by substantially all the manufacturers, they would not renew their agreement except on this condition. Having failed to agree, the pool no longer exists. It will be interesting to watch the effects of competition once more among this class of manufacturers. While the pool existed the prices of paper were reasonable enough, but if undue competition sets in, it is quite likely that the weaker concerns and those who will fare worst without a pool, but who nevertheless were unwilling to join the old one, will be the worst hurt and the most quickly cry for peace.

The Alien Land Act.—One of the best pieces of recent national legislation is the Alien Land Act. It is also pleasant to know that it is likely to prove quite effective. The London correspondent of the *New York Times* says that when its provisions were known in London, no little excitement was created among investors. One great city speculator declared that not less than three hundred big American land schemes had been knocked in the head by it. For years London has been full of American promoters of all sorts—mines, ranches, and estates, to sell or float in companies—these ranging all the way from millionaires to needy adventurers. Ex-Senator Dorsey, who is in Holland, negotiating with an Amsterdam company to buy a tract of several millions of acres in New Mexico, with a view of selling it to a London syndicate if he succeeded, is left, since he will be unable to find a purchaser either there or in America. Rufus Hatch is trying to unload a little ranch, and finds himself high and dry. City investors and agents are in almost a state of panic, since it is uncertain how deeply the clause forbidding aliens to have even an indirect interest in land may shake mortgages and loan companies. The Mines Company of Gresham House, the biggest concern of negotiating agents in Europe, has passed a resolution that hereafter it will refuse to deal with any and all American mines, lands, and securities in the territories, even if a way is found to evade the law. The fact has scared the heretofore credulous English public out of all notion of touching American investments. There would be some compensation in the thought that this might drive home the swarm of American sharpers who have been a nuisance there so long, if it were not for the fact that many of them will be left utterly destitute borrowers. A few whose interests are in Nevada and California are in high feather at their luck. Naturally, colonial speculators are enraptured at the belief that English money will now float their way. The opinion of the attorney-general in answer to the following inquiries:—Was the act intended, and does it apply to mines?—can aliens lawfully acquire, own and hold shares of stock issued by an American corporation which is the owner of mineral lands in the territories?—would the advancement of money by aliens for the purpose of developing mining property be lawful under the act?—can aliens lawfully contract with American owner for working mines or making any proper use of mineral lands for a term of years?—will not improve the prospects of foreign investors who have turned their eye westward. To these inquiries the attorney-general has returned this answer:

1. As mines are real estate, or inheritable interests in real estate, the act does apply to them.
2. As stock in a corporation is personalty, an alien can lawfully have,

own and hold shares of stock issued by an American corporation which is now the owner of mineral lands in territories; but if the holding by aliens exceeds 20 per cent., such corporation can neither acquire, hold, own, nor hereafter acquire real estate while more than 20 per cent. of stock is held and owned by aliens.

3. Under the act, the advancement of money hereafter by aliens for the purpose of developing mining property is lawful, but no interest in the real estate can be acquired by such advancement, nor would an alien have the right to purchase the real estate, nor any interest therein, on a loan made since the passage of the act, even if sold on his own security or lien.

4. Aliens may lawfully contract with American owners to work mines by personal contracts for hire, or by *bona fide* leases, for a reasonable time.

Where Needful Competition Fails.—Two facts are unquestioned, the first is that the Western cattle raisers are getting an inadequate remuneration for their product, and the second fact is that while the supply of meat is ample the consumer pays the old prices. The *Chicago Tribune*, a good authority on the subject, says that "as compared with three or four years ago there is a decline of one-half, and cattle-feeders throughout the West complain that it is no longer possible to make any profit at the business. Yet the beef consumer who buys at retail pays as high a price as ever, even in Chicago and Kansas City, where the cattle are slaughtered. There is an anomaly here which does not seem susceptible of any just or reasonable explanation. When the facts show a decline of one-half in price of live cattle while city and town consumers are charged as much as ever at retail, the only conclusion must be that the market is cornered, competition suppressed, and vast illegitimate, unnatural profits are being reaped by a gang of banded speculators. The price allowed the producer is unreasonably low, that levied on the consumer excessively high, and between the two classes there must be a ring of rapacious, well-disciplined speculators who have cornered the market and are extorting all the public can be made to pay. It is certainly very strange that in such a business as the beef supply competition can be so effectively stifled and unnatural prices so steadily maintained. Who can explain a fall of one-half in the wholesale price of beef without any reduction to the consumer? The only explanation at all adequate to meet these facts would seem to be that the great Chicago-Kansas City beef ring is so favored by railroad discrimination that it can interdict competition and hold the market in its clutch. There is every indication that by some such system of rebates, cut rates, and favoritism as that so long allowed the Standard Oil combination, the beef ring is now enabled to monopolize the market, cheat the producer, and squeeze tremendous profits from the consumer." If the Inter-State Commerce law

were enacted to cure any evil it surely was to cure this. At first, the great concerns engaged in slaughtering made a rate with one or two of the railroad companies below that which had been paid to rivals, and these in turn, desirous of recovering their business, made still lower rates, and this see-saw arrangement was continued by the slaughter houses until all the profit in transporting the cattle was gone. This losing policy was followed by what has been done in so many cases, agreement among the transportation companies whereby the business is completely controlled by them and the slaughter houses. As the profits of the latter are enormous, doubtless others would rush into the business if they could make fair terms with the transportation companies. At present, there seems to be no chance. The Standard Oil methods seem to have been permanently accepted by the railroads. The Inter-State Commission would perform a good service to the public in looking into this matter. Meat consumers are fairly entitled to much lower prices for meat, but are quite at the mercy of the slaughtering interests. It is right, too, that this business should be shared by more persons, and not be confined wholly to a few. The Inter-State law was designed to put all engaged in the same business on the same plane of advantage, but thus far it has not had the slightest effect in this direction, and the meat monopoly continues as strongly entrenched by the transportation companies as ever. The cost to the consumer from this failure to enforce the law is enormous, meanwhile the slaughterers are grinding the cattle raisers through the rough mill of bankruptcy. Their situation is seemingly hopeless unless the Inter-State Commission shall come to their relief. What was that body created for, if not to redress such a flagrant wrong?



THE CHICAGO WHEAT DEAL.

THE CALIFORNIA SIDE OF THE STORY.

The article entitled, "History of the Chicago Wheat Deal," in the July number of the BANKER'S MAGAZINE, has been read with special interest in California, as, no doubt, it has been read with great interest throughout the country. Some of its statements in regard to the part taken by Californians do not represent this part quite as it appears from a Californian view point. The Pacific slope of our country is so isolated from the rest that people there look at the problem of marketing their great staple—

wheat—nearly as independently of Atlantic and interior Western markets as Australians or Chilenos do. Their attention is fixed on Liverpool, its requirements, its stocks, and its sources of supply. Market prices in San Francisco are made by these considerations, and without any immediate or direct reference to the simultaneous course of prices at Chicago or New York. The current Chicago price is chiefly interesting to Californian dealers as indicating the cost at which Western millers can place flour in Liverpool. This flour competes with the product of British millers, and so influences their dealing in the high grade Californian product. To this extent and in this sense California dealers keep an eye on Western prices. Pacific coast wheat requires four months to reach Liverpool. Between the date of a purchase from the farmer and that of sale to an English miller as much as six months may elapse. Hence the fluctuations of price in Chicago in August, say, have only a remote bearing on August dealings in California, which are to be settled, perhaps, the following January. In point of fact, the California dealer's interest centers on three points, namely, condition and prospects of (1), the English crop; (2), the Indian crop; and (3), the American crop (not its price) east of the Rocky Mountains. Lastly, he will keep the run of the European continental crop. Thus Californian operations are conducted with more direct and simple reference to "the statistical situation" than those of any other part of the United States. *Ad hoc*, the Pacific coast is a foreign country.

In the "History of the Chicago Wheat Deal" (BANKER'S MAGAZINE, July), we read: "The origin of this syndicate has been credited to Mr. Mackay. . . . It has been said and believed that he came home [from Europe last year] believing that this country held the key to the wheat markets of the world, etc." From the Californian view point this recital would be cast in the form: Mr. Mackay's return from Europe last year coincided in point of time with the great damage the European crop had received, and when—for that reason—Californian operators, guided as they mainly are by statistical considerations, had reversed their trading attitude from the bear to the bull side. The leading stockholders in the Nevada Bank are also the leading stockholders in the Nevada Docks and Warehouses—the largest wheat shipping equipment on the Pacific coast, with a capacity for loading four thousand tons (or one hundred and thirty thousand bushels) of wheat in a single day, which has been repeatedly done. At these warehouses sixty-five thousand tons (over two million bushels) of wheat have been on store at one time. The leading line of that bank's business is lending money on wheat and financing outward cargoes. Whence it follows that some of the largest dealers are customers of the Nevada

Bank; and whatever is done in California wheat is done largely through the instrumentality of this bank and its connections. This fact lends plausibility to any report that credits the bank with the operations of its customers. When such reports are sustained and appear to be confirmed by a coincidence such as that of "bull" operations initiated about the time of the appearance on the scene of a financial personage like Mr. Mackay, *quidnuncs* will needs have it that though "the voice is the voice of Jacob, the hand is the hand of Esau," the dealers standing for Jacob and Mr. Mackay for Esau. And, however much the personage named or the officers of the bank may protest that they have no part in the "deal," the omniscient newspaper man will have it otherwise; and he ends by persuading a good many people (even people so well informed as the historian of the Chicago wheat deal) to accept his view of the matter. A really simpler view is to accept the statements of the parties in interest as true; those statements are that some of the bank's customers—known collectively as the syndicate or clique—have operated in wheat on a large scale, and that the bank has lent them a part of the money to do it with. As in all such operations, it goes without saying that most of the money involved is English money, the Californians finding only the amount of margin required by British lenders.

The historian of the Chicago wheat deal brings into some prominence a point which is nowhere else so patent as in the comparatively small California market, namely, the steady hammering of American prices by foreign buyers. There is not in California, as there is in the West, any great body of operators more or less speculative, and amid whom the foreign buyer figures as only one element in a large operating force. In California, operations are chiefly for export, and are nearly confined to a limited body of dealers. In this body, the group that represents Liverpool buying houses preponderates in strength and influence over all others combined. In advance of the opening of each wheat season, and from time to time as it appears convenient throughout the season, this group or permanent clique sells the market down to whatever range is necessary to facilitate export operations. The past season is the only one when the statistical situation invited the formation of a bull clique by whom the British group has been, temporarily, at least, worsted. It would be idle to attempt an estimate of the money loss sustained every year by the Pacific wheat grower through the crushing operations of Liverpool in the San Francisco market. Perhaps it would be no over-estimate to set down this loss at 15 per cent. to 20 per cent. of the intrinsic value of the crop. At this point, in conclusion, the radical difference between the Chicago wheat deal and the corresponding operations in California wheat comes clearly out. The

Chicago operation squeezed the "shorts," then overwhelmed the bulls, but in no part of it did an export movement on any great scale distinctly figure. The California "deal," on the other hand, was a purchase of "materialized" wheat, which the buyers still own and say they expect to sell at a profit. Just what it has cost them, no one of course knows. Large lines of contracts were settled during July, and the bulls took the profits. Liverpool will not need long to make up its mind that the holdings of the "California crowd" are not destined to fall into its hands at a sacrifice like that of the Chicago holdings. As soon as the market is cleared of this apprehension and (apparent) misapprehension, the way of the operator, both abroad and at home, will lie clearer before him. In the end, a "statistical situation," which is certainly an interesting one, may, even without the cumulative influence of an European war, exert a notable effect on the price of the 1887 wheat crop. X.

THE IMMIGRATION PROBLEM.

The agitation of the subject of foreign immigration, which is just now assuming considerable prominence in many quarters, is at once opportune and valuable. For, of the many problems of national importance, which are soon to come to the front, and which will demand for their solution the ripest wisdom of the most practical and discerning minds, none at present suggests itself as demanding more immediate attention than this. It seems as if the long cherished and traditional policy of our people will, very soon, be put to the test.

It is, and always has been, a taking sentiment in the breast of every thoroughbred American that this country is the conspicuous exponent of liberty in its largest sense, and that here may be found at all times a home or safe abiding place for the oppressed and discontented of any and every land. Now, nothing looks better in principle, and certainly nothing would be received with more deafening plaudits if uttered from the platform than just such sentiments as these. And yet it remains to be seen how literally, in the light of facts and an accumulating experience, we are to be allowed to interpret this implied encomium. It may be that, under the disguise of a lofty sentiment, we have been warming into life and destructive activity a virulent reptile, with protruding fangs. We should not fail to remember that our phenomenal

growth has not been in proportion to the years of our national life. We are still young, although in all those departments which together constitute greatness in a nation, we flatter ourselves that we can take our place alongside of those countries that had grown venerable while we were as yet in swaddling clothes. It is a just pride, and is rightfully cherished the more fondly as experience gives substantial character to its promptings. But we have passed this way but once, and the possibilities of the future may not be measured with mathematical exactness by the accomplishments of the past. New conditions are developing daily about us, and in our midst, and it may come to be true, ere we are aware, that essential modifications of some of the fundamental principles of our early political code are imperatively demanded if we would preserve in full vigor and undiminished prosperity the institutions of our pride in this land of our inheritance. There may be more of prophetic wisdom than was at the time willingly admitted, in the statement of Lord Macaulay, when, referring to this country and the liberal character of our laws and institutions, that when we come to number our population at two hundred to the square mile those laws and institutions will have to be modified or else they will cease to be.

It is hardly fifty years since our Northern and Western States began to make a determined effort to stimulate immigration from Europe. From time to time, during this brief period, the countries of the Old World have been flooded with maps and literature advertising the attractions of those particular sections to fortune-seeking foreigners. The natural and inevitable result has been to augment the tide of humanity which, under other conditions, would not, in all probability, have been inconsiderable, which has set toward our shores. Thus the North and West have been filling rapidly with this foreign influx, while the South, as the result of its inactivity, has been but slightly disturbed by the incoming tide.

Now it may rightfully be considered unwise, not to say ungrateful, to affirm that we have not profited and may not continue to profit by foreign immigration. Facts and results to the contrary are too obvious and familiar to allow of any doubt on this point. It would be difficult, for example, to appreciate in what condition of retarded progress the West would be found to-day, but for the stimulus and vitalizing activities induced by immigration of the right sort. No, our need at the present moment is not *prohibition* in foreign immigration, but *restriction*. We ought to and must contrive some means to eliminate the pernicious element.

What are the precise conditions under which we labor? It is to be noticed that, until the present year, the flood of immigration has gradually subsided since 1882, when it reached the high-water mark, 788,992 souls coming hither during that year. Since the advent of

1887 this tide has shown a strong disposition to set this way with unprecedented energy. There landed at the port of New York during one week not long since, 12,454 persons, or nearly two thousand a day, and of this number 4,400 disembarked from a single steamer. It has been well said: "When armies of this sort are launched upon us in a single week, it is plain that our knotty questions which spring from unparalleled growth, such as rapid transit and municipal regulations, are made proportionately more difficult and pressing."

During the five years ending Dec. 31, 1880, we are told there arrived in this country 1,127,977 immigrants of all nationalities and classes. During a similar period, ending Dec. 31, 1885, the number reached 2,839,417—a significant increase of 150 per cent. But unless all signs fail, these figures, astounding as they unquestionably are in their import, will be very largely increased the present year, which is destined to witness the most extensive immigration movement in our history thus far.

At the present time Europe furnishes the United States with 98 per cent. of all its immigration. For the five years ending Dec. 31, 1885, the number was distributed among the leading countries as follows: Germany, 929,427; Ireland, 335,882; England, 306,852; Italy, 109,057; Austria, 94,824; Russia, 87,342; Hungary, 50,555.

Of this vast horde it has been safely estimated that upwards of one-third are illiterate; and we know that the immigration from Italy, Russia and Hungary, is very largely "unskilled, cheap and poverty-stricken labor." Then, when we come to make a liberal allowance for the classes of "criminals from justice" and "jail birds," mentioned in a recent letter of our consul at Zurich, and other undesirable persons, we shall have left but a feeble fraction of the whole number upon which to rely for any substantial benefit to our community.

In the letter above referred to we find these significant lines: "A large part of the immigrants who come here have been either failures at home, or unfortunate and unlucky men, so called, who could never prosper anywhere. No small part are adventurers, seeking fortunes, political or otherwise, in a country where they have good reason to believe the most worthless may rise to position." And it is this class, who are unwilling to follow the fortunes of their own country for good or ill, but are ever ready to shift responsibility which properly belongs to them, that expect and demand the greatest freedom and indulgence from our laws and customs. Such are the classes that we do not want; and yet, as statistics abundantly prove, these are the ones who crowd to our shores annually in an ever-multiplying ratio, and will continue so to do until some appointed power shall peremptorily call a halt.

There is no State of the Union, probably, where the practical re-

sults of the immigration movement have been more apparent or more carefully noted than in Wisconsin. Hence, we may fairly conclude that the average verdict of the people of that community will represent, in a way, the sentiment of other States North and West that have had similar opportunities for observing the operation of the matter under consideration.

The elaborate report of Hon. Frank A. Fowler, the Wisconsin Labor Commissioner, has appeared, and presents many palpable truths for our consideration in this connection. The report mainly consists of a digest of five hundred communications, more or less, received during the past year from employers of labor in that State. It bears testimony to the fact, which seems to be as fully established in similar industrial communities elsewhere, that laborers and mechanics are, as a rule, opposed to immigration, on the ground of the personal consideration of competition, resulting in lower wages. But in the case of employers it was found that sixty-three only opposed any and all forms of restriction or regulation of foreign immigration; seventy were in favor of actual prohibition, while the remainder of the five hundred advocated, in one form or another, restrictive measures. And, so far as we have had the means for forming an opinion, the evidence from other quarters is confirmatory of that from our western neighbor just cited. It is to the credit of the law-abiding nature of the denizens of that goodly State to remark, that in one point there was an entire unanimity of testimony, and it was to the effect that Congress ought to provide for the rigid exclusion of *anarchists, criminals and paupers*.

At the outset of any attempt to institute restrictive measures on the part of this nation toward foreigners, we are met by many practical difficulties. Let us instance a few of the more apparent. And first, in regard to criminals. What shall constitute a criminal? Certainly it would be the height of unwisdom to brand as criminal many of those acts which European nations regard with disfavor and punish as violations of law. Because imperialism is oppressive and grinding in its mandates, and maintains the iron hand in all things, it does not follow that the non-conforming subjects of such conditions would make disreputable citizens of a more liberal republic. Hence any certificate branding with infidelity or crime any particular candidate for the privileges of citizenship offered by us, could not, in every case, be regarded as final in influencing their reception this side of the Atlantic. Then, what shall be done with those subjects of the Russian, German, or British empires, who, because of quiet but lawful attempts to ameliorate their serf-like conditions, have been relegated by the all-powerful if not all-wise authorities to the limbo of anarchists, socialists, or the abettors of crime and bloodshed. That it would exhibit a finer sense of native

pride and loyalty for such oppressed ones to remain at home with their friends and kindred, and assist by legitimate means to bring about the improved conditions they desire, is the very first impulse of judgment of every American. And yet, would not this nation suffer in the long run if we were to prohibit our shores to all such as had unfortunately and undeservedly passed under this rod of condemnation? It would seem so.

It is true, nevertheless, that *criminals* of every name and nature, and paupers, should no longer find a statutory welcome on our shores, since the means are at hand for our protection.

And above all, it becomes in the nature of the case our bounden duty to impress upon such nations as deserve it the very practical lesson that all attempts to export hither at government expense their surplus paupers are unwarranted; and that if the golden rule is no sufficient guaranty against such a procedure, the American people will have to take the regulation of the matter into their own hands.

Finally, what are the possible remedies for the difficulty? In the first place, it ought to be observed that *any* law, more or less stringent, will not fail to have a decidedly advantageous tendency. The fact that we are moving in the matter will alone inspire fear, and measures that are now employed openly and without restraint by those who encourage this immigration, will be very soon abandoned. Such has already been the result of the indignation expressed against the exportation of paupers by foreign governments. Indignation taking expression in action has already removed a portion of the difficulty. We argue, then, that a poor law enforced is much better than none at all.

Moreover, it has been suggested that to exclude all who can neither read nor write would be an effective measure. We are inclined to think that this would hardly meet the case. It is an unwelcome fact that education does not always eliminate the evil propensities in the human kind, and that the unlettered are often as good and faithful helpers as their more fortunate brethren. To deny our ports to all who do not bring sufficient capital to start in business would imply the creation of a nation of aristocrats, and would be impracticable and harmful in many ways. The extension of the period of residence prior to the allowing of the right of suffrage would be a partial remedy, so far as our political institutions are concerned, but it would not reach the crying evil of the time, namely, the presence in our midst of a pernicious demoralizing element, which, as we have found, will make trouble under any circumstances. What, then, can be the remedy? It must, from these considerations, seem apparent that no rigid, inflexible and yet specific law can be framed to exactly meet the case. The circumstances and conditions to be

met are much too varied for this. What is needed, in our view of the case, is a series of co-ordinate provisions looking toward the one definite end, the purification of our immigrant population. With this intent, why not subject the stream to a two-fold filtration. Let it be made the *special* charge of our foreign consuls to see to it, so far as in them lies, that those who depart from their ports for the United States, with whatever purpose in view, are what they should be. This would be so much gain. Then let Congress authorize the President to appoint a commission of suitable numbers and extension to cover the case, whose duty it shall be to administer such wholesome laws affecting the matter in hand as Congress may enact. The duties of this commission should be suitably defined, and then they ought to be empowered with a liberal discretionary privilege in dealing with particular cases. Herein, it seems to us, is to be one of the safeguards against any unjust discrimination. The apparent hardship often resulting from the enforcement of an iron-clad law of any sort would thus be avoided.

As to the provisions of the law best adapted to regulate and control this influx of foreigners, it is not our purpose to speak. It would seem, however, that a mild application of the tariff idea, or a bounty per capita, would, in the hands of such a commission, prove in part, at least, effectual. Make the tax not excessive, say \$200 per family, allowing such possible variations therefrom only as the wisdom of a well-appointed commission might determine.

In any event, we are strong in the conviction that as the American people have in the past illustrated their capacity to deal with difficulties of gigantic magnitude in other departments, so when it comes to the point of mastering the details of this problem, which, just now, is looming up in unwonted proportions, they will not fail in the attempt.

WM. WOODWARD.



THE PUBLIC DEBTS OF EUROPE.

BY ALFRED NEYMARCK, MEMBER OF THE SOCIETY OF POLITICAL
ECONOMY OF PARIS.*

IV.—KINGDOM OF HUNGARY.

The nominal capital of the public debt of Hungary amounted, on Dec. 31, 1884, to 1,271,585,428 florins, or, at the rate of 2 francs 50 to the florin, to 3,178,963,570 francs.

This figure of 1,271,585,428 florins includes a debt of 266,985,409 florins, of which the State has only been the intermediary. This latter sum, indeed, comprises the municipal landed debt of 202,063,223 florins. The interest and amortization do not weigh upon the ordinary budget of the State, but are covered by some supplementary direct taxes, particularly by the tax on land and houses.

The annual amount required for the interest and amortization of the public debt makes a total of 82,747,158 florins, or 206,867,895 francs.

This annual debt is thus divided :

Common debt :	
Interest and amortization.....	12,150,692 florins.
Hungarian debt :	
Interest.....	58,723,933 "
Amortization.....	11,872,533 "

These figures include for the indirect debt of the State, that is, for the debt of which it was only the intermediary: for interest 11,292,853 florins; for amortization 8,196,776 florins; for interest and amortization of the common debt (Hungary's contingent) 2,394,859 florins.

Besides, in accordance with article XV. of the law of 1867, the State participates to a certain amount in the common debts of the monarchy.

By virtue of the arrangement made with Austria in 1867, Hungary, although it has not recognized the debts incurred in Austria by the absolute government, has agreed, for political reasons, to pay, for covering the public debts incurred previous to that time, an annual and invariable sum of 29,188,000 florins, and for debts that cannot be converted into public funds 1,150,000 florins, making a total of 30,338,000 florins.

The Hungarian government securities have been issued in paper florins and gold florins.

In 1870 the total of the public debt was 371,809,820 florins; the increase since that time has been 899,775,608 florins, or 2,249,439,020 francs.

* Translated from the French by O. A. Bierstadt.

With the exception of the debts, of which the State was only the intermediary, and whose interest and amortization are provided for by the special revenues we have mentioned above, the interest and amortization of the other loans are guaranteed by the entire general revenue of the State.

Hungary has issued loans successively in the form of 6, 5, and 4 per cents. These funds have been disposed of through the great banks and by public subscriptions. A part of the proceeds was applied to the conversion of the stock of the private railways that have become State railways.

From 1881 to 1886, about 240 millions of florins were issued in paper. Two-thirds of the proceeds have been employed in covering the annual deficits and amortization.

The negotiating price of the different issues was as follows:

1881.....	13,000,000 florins at	75.58
"	1,000,000 "	78
"	13,005,500 "	79.80
"	12,972,000 "	80
"	12,000,000 "	84
1882.....	28,000,000 "	83
"	12,524,000 "	85
"	13,000,000 "	85
1883.....	41,760,000 "	86
1884.....	32,216,000 "	87.35
1885	11,763,000 "	87.35
"	32,743,000 "	92.50
1886.....	14,800,000 "	94.50

The Hungarian funds are much distributed in France. The issue of the 6 per cents, later converted into 4 per cents, was made through Messrs. Rothschild Brothers. These bankers pay the interest on the Hungarian debt in France.

According to a communication we owe to the kindness of Dr. Keleti, the learned director of the Royal Hungarian Bureau of Statistics at Buda-Pesth, the Minister of Finance of Hungary has transmitted to Paris for the payment of Hungarian coupons on July 1, 1885 and Jan. 1 1886, 13,348,000 francs, or about 26½ millions a year. Capitalizing the Hungarian rente according to its price of issue, about 5 per cent., it may be approximately estimated that the amount of the Hungarian rente circulating in France varies from 500 to 550 million francs.

The Hungarian loans quoted on the Bourse at Paris are the following:

1. Loan 1881, 4 per cent. gold, of 545 million florins, or 1,362,500,000 francs of nominal capital, authorized by the law XXXII. of 1881, designed for the conversion and redemption of the Hungarian loan 6 per cent. gold of 1875-76-77-78-79 of 400 million florins capital.

Of the total amount of the loan, Messrs. Rothschild Brothers have issued:

160,000,000 florins of capital,	May 19, 1881, at	76.25 per cent.
124,739,600 " "	Sept. 24, 1884, at	77.85 "

Admission to quotation, for cash and on account, has been made for :

160,000,000 florins of capital,	June 15, 1881;
385,000,000 " "	Dec. 28, 1881.

By law XXXII. of 1881, the Hungarian 4 per cents and their coupons are exempt from all stamp duties and from all taxes present or future, in Hungary. The interest coupons are paid in January and July at Buda-Pesth and Vienna in gold florins; at London, Berlin, Frankfort-on-the-Main; and at Paris by Messrs. Rothschild, with exchange fixed at 2 francs 50 a florin.

2. Loan 5 per cent. 1868, of 60 million florins, or 150 million francs, authorized by the law of Oct. 18, 1867, for the construction of railroads and canals in the countries depending upon the crown of Hungary.

This loan is composed of 909,380 bonds of 300 francs entirely liberated, issued at 215 francs Jan. 28, 29, 30, 1868, by the Société Générale at Paris.

These bonds are redeemable at 300 francs in 50 years, from July 1, 1868, to Jan. 1, 1918, by semi-annual drawings. They bring in 15 francs net, payable in January and July.

The loan is specially guaranteed by the railroads and canals to be constructed with its proceeds, a first mortgage being inscribed to the profit of the bond-holders.

The price of these bonds on Dec. 31, 1886, was 312 francs, or 12 francs above the price of their redemption. The payment of interest and redemption of bonds are made at London, Frankfort-on-the-Main, Amsterdam, Vienna, Buda-Pesth, and at Paris by the Société Générale.

V.—KINGDOM OF WÜRTENBERG.

On Dec. 31, 1885, the nominal capital of the public debt amounted to 421,681,282 marks, 56 pfennigs, or about 525 million francs.

The interest on the debt requires annually 17,245,483 marks, or pfennigs, or 21,556,835 francs 75.

The securities have been put forth in bills to bearer, furnished with coupons for 30 half years, and redeemable at par within a fixed period, either by means of annuities, or by resources of the budget, or any other financial measure.

The interest-bearing debt is thus divided :

In 5 per cent. securities.....	452,742 marks 90 pf.
" 4½ " " "	80,938,257 " 26 "
" 4 " " "	32,829,788 " 80 "
" 3½ " " "	16,460,493 " 60 "

The greater part of the public debt of Würtemberg is held in the country itself; a very small portion is found in the rest of Germany; the amount in foreign countries is hardly appreciable.

The honorable Director of Statistics of the kingdom of Würtem-

berg writes us, that the proper authorities have no knowledge of any Württemberg government securities being held in France.

From 1869-70 to 1884-85 the public debt increased 472,800,067 marks 72 pf.
And diminished..... 317,639,779 " 86 "

Or a definitive increase of..... 155,160,287 marks 86 pf.
Or in francs about 194,000,000.

In these two amounts are included :

3,000,000 florins of Wurtemberg paper money without interest in South
German florins.
27,000,000 marks in Treasury bonds discounted at three months.

No special guaranty has been made of the loans; they are all secured by the general resources of the budget.

The variations of the public debt, both increase and decrease, proceed in great part from the conversion of the 5 per cent. debt of 34,695,815 marks, 48 pf., and of the 4½ per cent. debt. of 167,228,190 marks, 93 pfennigs, into a 4 per cent. debt.

The following are the various loans issued since 1870 :

438,309,639 marks, 15 pf., in securities to bearer, awarded to groups of bankers.
2,347,571 " 42 " irredeemable loans from different pension funds to the
State, which pays them 4 per cent. interest.
5,142,581 " 15 " paper money of the State.
27,000,000 " in treasury bonds discounted.

VI.—KINGDOM OF SAXONY.

On Dec. 31, 1885, the total public debt amounted to 648,316,600 marks, or, at the rate of 1 franc 2.345 to the mark, 800,346,842 francs 70.

For the same year the expenditure on the public debt was 30,960,397 marks, or 38,218,810 francs 09.

The interest on the debt requires..... 26,621,638 marks.
Amortization is included at..... 8,200,679 "
The general charges of administration are.... 138,080 "

The funds of the public debt have been issued in 4.3½, 3 per cents'

The loans contracted at 4 per cent. nominal interest are the following :

The State loan of 1847; the stock debt of the Saxony-Silesia Railroad; the united loans of 1852, 1858, 1859, 1862, 1866, and 1868; the State loans of 1867 and 1869; the State bonds of 1870 issued in place of the old stock of the Albert Railroads; the old stock (B) of the Löbau-Zittan Railroad, recognized as a State debt; the loan of 1870 contracted with the Invalides fund of the Empire; the bonded debt of the old Leipsic-Dresden Railroad Company, of 1860, 1866, 1872.

The loans contracted at 3½ per cent. are the following :

The old stock (A) of the Löbau-Zittan Railroad, recognized as a State debt; the bonded loans of the old Leipsic-Dresden Company, of 1839-1841.

The loans issued at 3 per cent. are :

The tax debt of 1830; the State debt of 1855; the funded loan of 1876 and 1878.

Dr. Bömert, the eminent statistical director of the Ministry of the Interior of the Kingdom of Saxony, writes us, that it is impossible to say who are the holders of the Saxon government securities, whether they belong to natives, foreigners, or citizens of France.

The debt of Saxony amounted to 333,545,305 marks in 1870; at the end of 1885 it had attained 648,316,600 marks, or an increase of 314,771,299 marks, or 388,585,168 francs 61.

All the loans are guaranteed by the total revenue and fortune of the State. Those contracted since 1870 are as follows:

In 1871—Stock debt of the Lobau-Zittan Railroad.. 7,500,000 marks.
Bond debt Leipsic-Dresden 38,951,850 "

These two loans were made by transforming the said stocks and bonds into government securities:

In 1874—Loan contracted with the Invalides fund of the Empire... 24,000,000 marks.
In 1875—Loan in government securities..... 245,000,000 "
In 1878— " " " 114,880,000 "

To complete the foregoing information, it may be of interest to give some account of the incomes of the kingdom, as estimated by the Royal Bureau of Statistics.

At the three different periods, 1878, 1882, 1884, the distribution of incomes was thus classified:

<i>Category of Incomes.</i>	<i>1878. Millions of marks.</i>	<i>1882. Millions of marks.</i>	<i>1884. Millions of marks.</i>
Landed property.....	214	229	233
Securities.....	109	129	142
Salaries.....	334	422	465
Commerce and industry.....	357	371	395
Total of gross income.....	1,014	1,151	1,235
Debts to be deducted.....	87	93	95
Total of net income.....	927	1,058	1,140
Number of taxpayers.....	1,010,959	1,162,694	1,213,188
Amount of average income per head	917 marks.	910 marks.	940 marks.

Comparing the individual incomes according to their importance in 1878 and 1884, the following proportions are found:

Incomes up to 800 marks: 76.39 per cent. of the total number (not including moral persons) in 1878, and 74.96 per cent. in 1884.
Incomes of 801 to 3,600 marks: 20.94 per cent. and 22.16 per cent.
" 3,600 to 9,600 " 2.22 " 2.32 "
" over 9,600 " 0.45 " 0.56 "

VII.—STATE AND FREE CITY OF HAMBURG.

We have received from Dr. Koch, director of the Bureau of Statistics of the tax commission of the city of Hamburg, the following information on the debt of the country.

The nominal capital of the public debt amounted, Dec. 31, 1883 to 144,247,782 marks, or 178,072,886 francs 87.

Account must also be taken of a temporary loan at 4 per cent of 5,500,000 marks, and of the State loan of the Fire Relief Fund

contracted in 1842, for which there is a special guaranty, and whose accounts are kept apart.

A considerable portion of the Hamburg State loans has been devoted to works of construction (creation or enlargement of docks, gas-works, cattle-market, warehouses, etc.).

The public debt requires every year for interest:

Sinking fund.....	5,221,146 marks, or 6,445,504 francs.
	1,831,405 " 2,260,869 "
Total.....	7,052,551 " 8,706,373 "

Securities have been issued in $4\frac{1}{2}$, 4, and $3\frac{1}{2}$ per cents.

Since 1870 the increase of the public debt has been about 20 million marks, or 24,690,000 francs.

Some months ago, the State and free city of Hamburg opened, Aug. 7, the offer of a loan of 40 million marks (50 million francs) designed for the redemption of a 4 per cent. loan 1875 of $18\frac{1}{2}$ million marks and for public expenses ($21\frac{1}{4}$ million marks). Four leading financial syndicates, all German, competed on this occasion; the highest bid was made by the syndicate of the Bank of North Germany, a financial institution of Hamburg, in conjunction with the houses of Rothschild of Frankfort and Bleichröder of Berlin.

The loan was awarded, in the form of 3 per cent. securities, to a German syndicate represented by the Bank of Commerce and Discount of Hamburg.

The holders of the Hamburg 4 per cents of 1875 will be allowed to exchange their securities for the new 3 per cents under conditions to be duly published. The term fixed for this conversion was March 1, 1887.

VIII.—BAVARIA.

On April 1, 1886, the public debt amounted to 1,344,658,766 marks, or 1,790,823,450 francs, and required an annual interest of 48,919,418 marks, or 61,168,010 francs.

The public debt was thus divided:

General debt.....	230,894,476 marks.
Railroad debt.....	953,460,400 "
Redemption of landed securities.....	160,303,890 "
Total.....	1,344,658,766 "

The railway loans are guaranteed chiefly by mortgage upon the railways belonging to the State, but they are included in the accounts of the general budget.

IX.—BADEN.

December 31, 1885, the debt was thus composed:

General debt to different funds of the State....	37,143,102 marks
" " individuals.....	5,646,917 "
Total.....	42,790,019 "
of which 25,134,800 marks without interest.	

The railway debt, assets deducted, is 331,724,485 marks. The total debt is 374,514,504 marks, or 469,843,130 francs.

X.—VARIOUS GERMAN STATES.

At the date of January 1, 1886, the total debt of eighteen German States was as follows. This debt amounted to 268,219,538 francs, and was thus distributed:

	<i>Francs.</i>
Alsace-Lorraine.....	23,610,499
Bremen (45,362,500 marks).....	56,703,125
Brunswick (29,855,031 m.).....	37,318,788
Grand Duchy of Hesse (28,418,030 m.).....	35,522,537
Lippe (972,907 m.).....	1,216,133
Lubeck (15,473,920 m.).....	19,342,400
Mecklenburg (17,385,400 m.).....	21,731,750
Oldenburg (37,600,623 m.).....	47,075,778
Reuss (1,937,191 m.).....	2,421,488
Saxe-Altenburg (5,709,710 m.).....	7,131,187
Saxe-Coburg (1,365,988 m.).....	1,707,485
Saxe-Meiningen (2,091,940 m.).....	2,614,925
Saxe-Weimar —————	—
Schaumburg-Lippe (600,000 m.).....	750,000
Schwarzburg-Rudolstadt (2,582,808 m.).....	3,228,500
Schwarzburg-Sondershausen (3,924,855 m.).....	4,906,068
Waldeck (2,351,100 m.).....	2,938,875
Total.....	268,219,538

XI.—ITALY.

On the Bourse, May 31, 1886, the Italian rente reached and passed the price of 100 francs. In the course of this same year the highest price attained was 102 francs 50; Dec. 31, 1886, the last price was 101 francs 95. The year 1886 will be remarkable in the financial annals of Italy. It shows the progress made by the credit of this young kingdom, which France helped to found, and which she has always sustained with her political influence, the blood of her children, and her capital.

Within the past fifteen years Italy has made considerable economic progress. Her credit is closely connected with the abolition of the forced currency, inaugurated in 1866 by Mr. Scialoja. Since 1881 the forced currency no longer exists. The resumption of specie payments has taken place: the Italian budgets, which showed a deficit of 446 millions in 1862, have now for some years shown a surplus. Heavy taxes have been abolished or reduced; useful works have been completed. The Minister of Finance, who contributed in great part to effect these happy changes, may now look back upon the past and recall all the vicissitudes of the Italian finances since the foundation of this young kingdom. Italy has emerged from what we call the "era of deficits," and is now in the full tide of prosperity.

The Italian 5 per cent. rente, reduced to 4.34 per cent. by the tax

of 13.20 per cent. on personal property in Italy, is composed of three loans: the first with the nominal capital of 714 millions was issued in France by Messrs. Rothschild Brothers, in July, 1861, at 70 francs 50.

The second, with the nominal capital of 700 millions, was also issued in France by Messrs. Rothschild Brothers, in March, 1873, at 71 francs.

The third, with the nominal capital of 729,745,000 lire, authorized by the law of April 7, 1881, for the abolition of the forced currency, was issued in London by Messrs. Baring Brothers and C. I Hambro, to the amount of 365 million lire in July, 1881, at 90 per cent. and the surplus of 364,745,000 lire in May, 1882, at 88 per cent.

The nominal capital of the public debt of Italy amounted:

On December 31, 1884, to lire.....	9,938,062,224	11
On December 31, 1885, "	9,992,581,218	15

To the above debts must be added those directly administered by the general management of the Treasury, and which are the following:

1. Perpetual debts:

Perpetual debt, 5 per cent., in the name of the religious bodies of Sicily.
 Perpetual debt, 5 per cent., in the name of the communes of Sicily.
 3 per cent. rente assigned to the legal creditors of the Neapolitan provinces.

2. Redeemable debts:

English loan 3 per cent. of March 8, 1885.
 Loan contracted in 1886 by the ex-Duke of Lucca, 4 per cent.
 Annuity, 3 per cent., due the Company of South Austrian Railroads.

The nominal capital of these debts was:

On December 31, 1884, lire.....	1,147,161,295	22
On December 31, 1885, "	1,139,349,620	97

The total public debt of the kingdom of Italy, therefore, amounted in nominal capital:

On December 31, 1884, lire.....	11,085,223,519	33
On December 31, 1885, "	11,131,930,849	12

The interest required annually for the public debt amounts to lire, 532,753,685 31.

The details are:

1. Interest on consolidated and perpetual debts, lire.....	441,517,531	50
2. Interest on redeemable debts, lire.....	64,380,674	98
3. Sinking fund of redeemable debts, lire.....	26,855,478	83
Total	532,753,685	31

It should be remarked that the amounts devoted to the redeemable debts diminish from year to year, owing to the gradual extinction of the debts themselves.

The different loans have been contracted in 5 and 3 per cent. rentes.

On January 1, 1886, the Italian Consolidated 5 and 3 per cent. rentes were divided into the following categories:

	5 per Cents. <i>Lire.</i>	3 per Cents. <i>Lire.</i>
• Rentes in names.....	206,665,110 00	4,529,613 00
" to bearer.....	232,917,285 00	1,858,026 00
" mixed.....	1,834,040 00	15,984 00
Provisional securities in names..	59,949 70	1,454 24
" to bearer..	2,594 70	120 21
Totals.....	441,478,979 40	6,405,197 45

The nominal capital of the public debt amounted :

On December 31, 1870, to lire.....	7,999,322,777 56
On December 31, 1885, "	11,131,930,849 12

From 1870 to 1885 the increase of the debt was, consequently, 3,132,608,071 lire 56.

The expenditures on the public debt have been met by the ordinary resources of the budget. At present, no debt has a mortgage or guaranty upon a special chapter of the budget of revenue or otherwise.

The different loans in rentes have been contracted by public subscriptions or by sales, at a fixed price or on commission, to banks or institutions of credit both in the kingdom and in foreign countries.

During the financial year, from July 1, 1884, to June 30, 1885, there was paid net, in rentes :

In foreign countries, lire.....	103,611,752 98
In Italy, lire.....	379,505,214 91
Total lire.....	483,116,967 89

To this official information, which we owe to the great kindness of Mr. Novelli, director-general of the Treasury of Italy, and Mr. Luigi Bodio, director-general of statistics of the kingdom, we shall add a statement of the highest and lowest prices quoted at Paris of the Italian rente since 1861.

From 1861 to 1869 inclusive, the lowest price quoted was 35 francs 90, in 1866, at the time of the Austro-Prussian war. During this same period, the highest price was 76 francs in 1862.

In 1867, during the year following the annexation of Venetia to Italy, the highest quotation of the Italian 5 per cent. was 56 francs 80, and the lowest 43 francs 20. Before the war of 1870 it rose to 60 francs 90, gaining with difficulty 4 francs in 4 years: during this same year of 1870, it fell to 42 francs 50.

In 1872, when Italy was in possession of Rome, the Italian rose to 71 francs 05. This price was soon lost; we do not find it quoted again until 1875. Since then the advance has been almost continual. In 1881 there was a quotation of 89 francs 20. In the month of April, 1881, the Italian reached 91 francs 90. The incidents in connection with Tunisian affairs made it fall to 88 francs

40. In 1882 the price of 85 francs was touched; since that time the advance movement has been more strongly marked from year to year.

Thus: from 1870 to 1880, the lowest price quoted was 42 francs 50 in 1870 and the highest 89 francs 20 in 1880.

From 1881 to 1886 the lowest price was 85 francs in 1882; the highest prices were reached in 1886.

We may remark, in conclusion, that the Italian 5 per cent. rente, which was issued in France and foreign countries, and which was in the beginning almost entirely in the hands of French capitalists, now belongs for the most part to Italian holders.

Of 483,116,967 francs 89 of rentes paid from July 1, 1884 to June 30, 1885, 379,503,214 francs 91 were paid in Italy, and 103,611,752 francs 98 abroad.

The payments of the Italian rente, on the coupons of the first half year of 1886 becoming due, amounted to 62,696,048 francs 90; of which 51,616,049 francs 30 were at Paris, 7,951,797 francs 98 at London, and 3,126,241 francs 62, at Berlin.

In Basel, Zurich, and Breslau 79,174 27 were also paid, so that the total amount paid on the Italian rente in foreign countries was 62,775,223 francs 19.

In the second half of 1885 these payments were only 59,821,812 francs 93; thus, during a period of six months, there had been a change in the Italian rente of 2,953,410 francs 36.

The diminution in the amount of the rente in Berlin should be noted. While, on Dec. 31, 1885 there was paid on this market for the rente due 6,400,119 francs 58, on June 30, 1886, these payments were only 3,138,241 francs 62.

The same phenomenon was seen in Basel, Zurich, and Breslau, where the payments of 140,099 francs 29 dropped to 79,174 francs 28.

At Paris and London, on the contrary, there was an increase shown.

The market of Paris, which, at the end of 1885, possessed securities giving an interest of 46,380,290 francs 91, had them June 30, 1886 representing 51,616,049 francs 39; and London from 6,400,119 francs 58 on Dec. 31, 1885 held them at the end of June, 1886 for 7,951,757 francs 90.

According to the amount of the Italian rente entered upon the Great Book, it follows from the data above given, that about 28 per cent. of this rente is held in foreign countries, or a little more than a third of the total rente.

This fact is of great importance; it proves that the savings of the country have considerably increased, and that Italy, which was but lately borrowing abroad at the rate of $5\frac{1}{2}$ and 5 per cent., is now tending to dispose of its government securities at home.

ON THE DISTRIBUTION OF THE ITALIAN RENTES IN ITALY AND ABROAD.

To ascertain approximately in what proportions the public debts of the State, and especially the Consolidated 5 per cents, are distributed in the interior of the kingdom and abroad, taking as a base the accounts of the decade 1875-1884, reference must be made to the following Synoptical Table, which we owe to the kindness of Mr. Perozzo, general secretary of the Ministry of Finance of Italy. In this important work will be found:

SYNOPTICAL TABLE of the net payments made abroad and in the kingdom, from the year 1874 to 1884, on all the public debts and on the Consolidated 5 per cents.

Year.	Payments on the Public Debts.			Payments on the Consolidated 5 per cents.		
	Abroad. Lire.	In the kingdom. Lire.	Total. Lire.	Abroad. Lire.	In the kingdom. Lire.	Total. Lire.
1875....	84,544,677 16	351,765,825 73	436,310,502 89	51,799,734 00	248,464,422 42	300,194,156 42
1876....	81,618,730 06	358,443,519 26	440,062,259 32	54,769,896 31	259,629,915 24	314,399,811 55
1877....	89,155,334 64	375,746,337 07	464,901,671 71	61,003,591 96	268,834,115 14	329,927,707 10
1878....	91,710,380 94	358,860,011 65	450,570,492 59	62,666,373 21	256,651,940 88	319,318,314 09
1879....	58,920,183 06	318,670,444 93	377,590,627 99	37,822,969 80	241,867,767 48	279,690,737 28
1880....	116,728,622 46	391,049,166 81	508,677,789 27	89,508,952 05	306,539,397 53	396,038,349 58
1881....	87,941,410 42	338,666,516 90	426,547,927 32	61,538,587 32	282,769,984 12	344,308,571 44
1882....	116,779,176 52	324,240,556 66	441,019,733 18	91,023,349 94	278,056,623 26	369,679,973 21
1883....	103,783,932 79	314,286,094 10	418,070,026 89	77,296,228 94	275,841,707 31	353,137,936 25
1884....	81,092,033 34	333,657,818 90	414,779,852 24	59,050,666 37	297,425,020 46	356,475,686 83
	912,274,531 39	3,466,256,392 01	4,378,530,923 40	645,500,289 91	2,716,670,593 84	3,364,171,183 75

1. All the payments on account of the public debt made either in Italy itself or in foreign countries.

2. The payments on the Consolidated 5 per cent. alone distinguishing them as above.

However, as the cashier of the public debt does not enter on his books the payments made by others, for his account, until the administration has finished their verification and recognized their regularity, it follows, that the payments, figuring year by year in the table in question, are not those really made each year, in Italy or abroad, but those which have been reviewed, approved of, and refunded each year.

Thus, for example, in the payments of 1875 are included those made during the last months of 1874 and repaid at the beginning of the following year; but, on the other hand, do not appear the payments made toward the end of the year, which, in their turn, are counted in the year 1876.

Nevertheless, the figures given from year to year represent, most of the time, the payments of 12 months, and may consequently serve to give an idea of the amount of the payments made annually abroad and within the kingdom. A single exception should be made for 1879, a year in which the repayment of the different agents was somewhat delayed in consequence of the removal to Rome of the general direction of the public debt. And, as these same repayments were entered upon the year 1880, the figures of this year are necessarily higher than the real average, independently of the influence which the movement of the year 1880 in the Consolidated 5 per cent. rente may have exercised.

This granted, it may be concluded, from the examination of the figures just presented, that, allowing for the continued augmentation of the debt, there have been no notable balances carried from one year to another, except for the years 1882, 1883, and 1884, to which we shall hereafter revert.

It is well to consider first, at least so far as concerns the Consolidated 5 per cent. in what proportion payments were made abroad in 1875 compared with preceding years.

In this connection, the report of the Director General to the Commission of Superintendence for 1875 contains, on page 77, a table, in which, examining only the 5 per cent. rente to bearer, the comparison may be established between the amount of the coupons to be paid and the amount of those paid abroad.

It may be useful to reproduce it, repeating the observation already made, that since 1871 the payments abroad have constantly diminished in consequence of the difficulties opposed by the government to the speculation, which was carried on by buying up the coupons in Italy to realize on them abroad in metallic money.

The table in question is as follows.

Years.	<i>Net amount of coupons due.</i>		<i>Net amount of coupons paid abroad.</i>		<i>Ratio between the 1st and 2d column.</i>
1871 ..	145,945,353	27 ..	58,346,183	44 ..	39.98 per cent.
1872 ..	154,031,569	30 ..	52,073,892	39 ..	33.81 "
1873 ..	151,219,422	90 ..	53,342,116	42 ..	35.27 "
1874 ..	152,107,688	53 ..	45,614,228	66 ..	29.99 "
1875 ..	152,149,185	53 ..	50,601,389	71 ..	33.26 "

In 1874 the formality of the *affidavit* was adopted, and the payments abroad suffered another notable diminution, so that, admitting the speculation in gold payments almost entirely ceased from this moment, the amount of rente really held by foreigners can only be established from the figures of 1874 and the following years.

If an increase is noted from 1875, it must be attributed to the increase of the circulation itself, resulting from the conversion into consolidated 5 per cent. rente (in accordance with the law of July 2, 1870, No. 2,570) of the ordinary Roman Railway obligations, of which a large part was sold outside of the kingdom, as well as from the convention of Basel of Nov. 17, 1875.

And now let us return to the examination of the last figures of the synoptical table, keeping in mind the reservation above made.

In May, 1879, the government suppressed the formality of the *affidavit* for the securities of £2.50, 5, 12.50, 25, and 50; finally, on July 1, 1881, this measure of precaution was completely abandoned, in consequence of the effects of the law of April 7, 1881, No 133 (3d series), which had abolished the forced currency. Nevertheless, the year 1881 offered no notable difference.

In 1882, on the contrary, the payments abroad on the Consolidated 5 per cent. showed a considerable increase, doubtless because a large part of the loan for the abolition of the forced currency had been disposed of outside of the kingdom. In 1883 and 1884, the payments in general, and those on the Consolidated 5 per cent. in particular, diminished again, which may be either because the return of the metallic circulation in Italy had entirely stopped the speculation of exporting securities outside of the kingdom, or because the 5 per cent. rente sold abroad returned from hand to hand into Italy in consequence of the dispositions facilitating its circulation in the different European markets.

[TO BE CONTINUED.]

CERTIFICATE OF DEPOSIT.

• SUPREME COURT OF WISCONSIN.

Curran, Adm'r, v. Witter.

A certificate of deposit is, in law, a negotiable promissory note. The statute of limitations commences to run against a certificate of deposit from the date of its delivery.

Action upon a certificate of deposit. In the year 1869 the defendant carried on the business of banking at Grand Rapids in this State. In October of that year, James Curran, plaintiff's intestate, deposited with him \$540, and received therefor the following certificate, written and signed by one Moody, the defendant's clerk: "J. D. Witter, Banker, Grand Rapids, Wisconsin, \$540. Mr James Curran has deposited in this bank five hundred and forty dollars, payable to his order on the return of this certificate properly indorsed. J. D. Witter, per Moody." James Curran died in 1872, intestate, and in 1885 the plaintiff was appointed and duly qualified as administrator of his estate. In August, 1885, he brought this action upon such certificate of deposit. The defendant answered payment, and the six and twelve years statutes of limitation contained in Rev. Stat. §§ 4222, 4251. Plaintiff had judgment, and defendant appealed.

LYON, J.—In *Klauber v. Biggerstaff*, 47 Wis., 551, the late chief justice, after giving the elementary definition of a promissory note, proceeded to say that "the ordinary form of a certificate of deposit of money falls precisely within the definition, and it seems strange that there was ever a doubt that it was in law a negotiable promissory note. (*O'Neill v. Bradford*, 1 Pin. 390, and cases there cited.) Such doubt, however, may now be considered at rest. (*Killgore v. Bulkley*, 14 Conn., 362; *Bank of Orleans v. Merrill*, 2 Hill, 295; *Miller v. Austen*, 13 How., 218.) After this authoritative statement of the rule, it is useless to cite any more of the numerous cases elsewhere which hold the same doctrine. Several of them will be found in the brief of counsel for the defendant. The certificate of deposit in suit is in the ordinary form of such instruments, and is, therefore, in substance and legal effect, a negotiable promissory note.

The next question is, When did the statute of limitations commence to run against the certificate? The plaintiff maintains that it commenced to run only upon demand of payment, which was first made in 1885; while the defendant claims that it commenced to run as soon as the certificate was issued. There are plenty of adjudications by courts of great authority sustaining both of these propositions. The question is now presented to this court for the first time; and we must choose between these conflicting lines of authority, and adopt the rule which seems to us to rest on the soundest principles, and which best accords with the analogies of the law. What would be the equivalent of this certificate were it put in the usual form of a promissory note? Undoubtedly it would be for the same amount, payable on demand to the same payee, or order, perhaps, at the office of the maker, and probably without interest until actual presentation and demand of payment. It would be substantially in this form: "For value received, on demand, I promise to pay James Curran, or order, at my bank in Grand Rapids,

Wisconsin, \$540, without interest until after demand." That such a note is due presently, and the statute of limitations commences to run against it from its date, is well settled. What valid reason can be given why the same results should not follow the giving of a certificate of deposit which contains the same contract, and is the exact equivalent of such a note? If any such reason exists, we have failed to comprehend it. In *Brummagim v. Tallant*, 29 Cal., 503, it was held that the statute of limitations begins to run against a banker's certificate of deposit payable on demand from the date of the same, and that no special demand is necessary to put the statute in motion. We entirely agree with the Supreme Court of Michigan, which in *Tripp v. Curtenius*, 36 Mich., 496, after the rule of the California case, proceeds to say of a certificate of deposit in the usual form: "To hold such instruments to be in legal effect promissory notes payable on demand, and yet not apply the principles applicable to demand promissory notes, either because of the peculiar form of the instrument, or because issued by a firm engaged in the ordinary business of banking, would be to create a distinction unsound in principle, and one not warranted by any necessity that we can discover." (See, also, *Cale v. Patterson*, 25 Mich., 191; *Poorman v. Mills*, 35 Cal., 118.) The cases which hold that such a certificate is not due until presented for payment, and hence that the statute of limitations does not commence to run against it until such presentation, seem to go upon the ground that the transaction is not alone of money, creating a debt against the drawer of the certificate, but rather that it is in the nature of a bailment, upon which no cause of action accrues until demand; in other words, it is said the transaction is in contemplation of law a deposit, and not a loan. This doctrine is held or intimated in *Payne v. Gardiner*, 29 N. Y., 146; *Munger v. Albany City Nat. Bank*, 85 ib., 589; *National Bank of Fort Edward v. Washington Co. Nat. Bank*, 5 Hun., 605; *Fells Point Sav. Inst. v. Weedon*, 18 Md., 320; and *Bellows Falls Bank v. Rutland Co. Bank* 40 Vt., 377. With all due deference to the very able courts which have adopted this view, we cannot give our approval to the doctrine thus enunciated by them. We think that when a person deposits money in a bank in the usual course of business, he loans it to the bank, and the bank thereby becomes his debtor to the amount of the deposit, not his bailee of the money. By the deposit the title to the money passes to the bank, and it is thereafter its money, subject to its absolute control and disposition. The depositor cannot reclaim the specific money. He cannot maintain replevin or trover for it (as he might were the deposit a bailment), but only assumpsit for the amount deposited. In short, the transaction has no element of a loan of money. That was the view of Judge Bronson in *Downes v. Phoenix Bank*, 6 Hill, 297, which was an action for the amount of a deposit, the evidence of which was the entry made by the proper officer of the bank in plaintiff's bank-book. The judge said, speaking of the transaction: "It is not strictly a deposit, nor a bailment of any kind; for the something is not to be returned, but another of the same kind and of equal value. In the civil law it is called a *mutuum*, or loan for consumption. Except where the deposit is special, the property in the money deposited passes to the bank, and the relation of debtor and creditor is created between the parties." It is unnecessary to prolong this discussion. We must hold, with the Michigan and California courts, that the money claimed in this action was due and payable at the date of the certificate in suit, October 6, 1869, and hence that the claim was barred by the statute (Rev. Stat. 1,016, § 4,222) on and after October 7, 1875.

Sec. 4,234 has no application to this action, because James Curran died

more than one year before the statute had run against the claim. That section provides that "if a person entitled to bring action die before the expiration of the time limited for the commencement thereof, and the cause of action survive, an action may be commenced by his representatives after the expiration of that time, and within one year from his death." It is obvious that this provision only reaches a case where the person entitled to bring the action dies during the last year of the term of limitation. Neither is § 4,251, which doubles the period of limitation in a certain contingency, applicable to this case. That section only applies to cases in which there is no person in existence when the cause of action accrues who can bring the action.

We are further of the opinion that this case is not within the provision of § 4,230, Rev. Stat., which is a part of chapter 177. That chapter contains the statute of limitations. The section provides that "none of the provisions of this chapter shall apply to any action brought upon any bills, notes, or other evidences of debt issued by any bank, or issued or put into circulation as money." The certificate of deposit in suit was not issued by a bank; neither was it put into circulation as money.

The claim having been barred by the statute of limitations long before the action was commenced, instead of directing a verdict for the plaintiff, the court should have directed the jury to find for the defendant. *Reversed and remanded.*

LIABILITY OF STOCKHOLDER OF INSOLVENT CORPORATION.

SUPREME COURT OF PENNSYLVANIA.

Appeal of Bell.

In a proceeding to enforce the equitable obligation of stockholders, in an insolvent corporation, to pay the unpaid portions of capital stock due by them, in order that the corporation's indebtedness may be paid to the extent of such unpaid capital, there must be an account taken of the amount of debts, assets, and unpaid capital, and a decree for an assessment of the amount due by each stockholder as stated in *Lane's Appeal*, 9 Out., 49.

Messersmith v. Sharon Savings Bank, 96 Penn. St., 440, is not to be understood as deciding, generally, that the transferee of stock in a corporation which has become insolvent is not liable for the payment of the unpaid portion of the shares held by him, when the unpaid capital is required for the payment of the debts of the corporation.

GREEN, J.—This is a proceeding to enforce the equitable obligation of stockholders in an insolvent corporation to pay the unpaid portions of the capital stock due by them, in order that the debts—all the debts—of the corporation may be paid to the extent of such unpaid capital. It is not a statutory obligation at all, but an obligation in equity arising out of the consideration that the capital stock of a corporation is a trust fund for the payment of its debts. Only so much of the unpaid capital as is necessary for the payment of the debts can be called in, and this can only be done when all the other assets are exhausted. It is manifest, therefore, that in a case of this kind there must be an account taken of the amount of debts, assets and unpaid capital, and a decree for an assessment of the amount due by each stockholder. All of this is pointed out in the opinion of this court in the case of *Lane's Appeal*,

9 Out., 49, and had the method of proceeding there indicated been followed in this case there would have been no difficulty in reaching correct results. As it is, the present record is defective in nearly all material particulars, and the same must be reversed, as the proceeding and parties are proper only in the directions to the court below to refer the matter back to the former or another master to perfect the report, and take such additional testimony as may be necessary for that purpose. The case of *Messersmith v. Sharon Savings Bank*, 15 Norr., 440, cited and relied upon in the master's report, must not be understood as a decision that the transferee of stock in a corporation which has become insolvent is not liable for the payment of the unpaid portion of the shares held by him when the unpaid capital is required for the payment of the debts of the corporation. That case did not involve that question. It was an ordinary common law action of debt directly upon the subscription contract, and the original subscriber was held bound to pay, because he had contracted to pay the whole subscription price of the stock. The court below held that a transferee in good faith and upon an agreement to pay subsequent calls was not bound to pay them, and a single remark, in the opinion of this court, seems to countenance that idea. It is true that such is the law as declared in several decisions of this court, but they were decisions arising upon charters or by-laws, providing for only a particular remedy in case of non-payment of installments, such as the forfeiture and sale of the stock itself in case of default, as was the case in *Frank's Oil Company v. McCleary*, 13 P. F. S., 317, and *Palmer Ridge Mining Company*, 10 Casey, 288, or that the company has no right of action against the transferee and no remedy against him, except the forfeiture of the shares, as was the case in the *President, etc., v. Samson*, 1 Binn., 70, and 10 Cas., 288, *supra*.

There is also another class of cases in which the same rule as to liability of original stockholders is held, notwithstanding they have transferred their shares. They are cases of subscriptions to the stock of railroad companies, subject to the general railroad law of February 19, 1849, the seventh section of which provides that no transfer shall have the effect of discharging any liability incurred by the owners thereof. Some of these cases are the following: *Pittsburgh & Connellsville Railroad Company v. Clarke*, 5 Casey, 146; *Graff v. Pittsburgh & Steubenville Railroad Company*, 7 Id., 489; *Hays v. Same*, 2 Wr., 81; *Cass v. Railroad Co.*, 30 P. F. S., 31. Subject to such exceptional instances as these, it cannot be doubted that the obligation to make good the unpaid portions of capital stock, when the necessities of creditors require it, is a charge upon the stock which passes with it to the holders of it. It is an equitable obligation founded upon no statute, and rests upon those who are the owners of the stock at the time of insolvency. If this were not so, the creditors of a corporation, which had been in existence for many years, and whose original subscribers were dead and gone long before the insolvency of the company occurred would be deprived of all resource to the unpaid capital stock at the very time when alone they needed it. The doctrine is thus stated in *Ang. & Ames Corp.*, par. 534: "When an original subscriber to the stock of an incorporated company, who is bound to pay the installments on his subscription from time to time as they are called in by the company, transfers his stock to another person, such other person is substituted not only to the rights, but to the obligations of the original subscriber, and he is bound to pay up the installments called for after the transfer to him. The liability to pay up installments is lifted from the outgoing to the

incoming shareholder," citing numerous authorities. The same doctrine was held and enforced in *Webster v. Upton's Assignee*, 91 U.S., 65. The very question of that case was the liability of a transferee of stock for calls made after his acceptance as a stockholder by the company, upon an implied promise that he would pay calls made during his ownership. Mr. Justice Strong, in delivering the opinion of the court, reviews the whole subject of the liability of both the original subscriber and the transferees. After showing the liability of the original subscriber by a promise which the law implies to pay calls which he has never expressly agreed to pay, he says: "But if the law implies a promise by the original holders or subscribers to pay the full par value when it may be called, it follows that an assignee of the stock, when he has come into privity with the company by having stock transferred to him on the company's books, is equally liable. The same reasons exist for implying a promise by him, as exists for raising up a promise by his assignor. And such is the law as laid down by the text writers generally, and by main decisions of the courts—citing several cases. There are a very few cases, it must be admitted, in which it has been held that the purchaser of stock, partially paid, is not liable for calls made after his purchase. Those to which we have been referred are *Canal Company v. Samson*, 1 Binn., 70, where the question seems hardly to have been considered, the claim upon the transferee having been abandoned; and *Palmer v. Ridge Mining Co.*, 34 Penn. St., 288, which is rested upon *Samson's* case, and upon the fact that by the charter, the company was authorized to forfeit the stock for non-payment of calls. We are also referred to *Seymour v. Sturgess*, 26 N. Y., 134, the circumstances of which were very peculiar. In neither of these cases was it brought to the attention of the court that the stock was a trust fund for the protection of creditors in the first instance, a fund no part of which either the company or its stockholders was at liberty to withhold. They do not, we think, assert the doctrine which is generally accepted. . . . We think, therefore, the transferee of stock in an incorporated company is liable for calls made after he has been accepted by the company as a stockholder, and his name has been registered on the stock books as a corporator; and being thus liable, there is an implied promise that he will pay calls made while he continues the owner."

It must also not be forgotten that as to all corporations formed under the general law of 1874, the seventh section of that act expressly imposes upon transferors of stock all the liabilities and obligations of original subscribers. What is said upon this subject is cautionary only, and intended to guard against any erroneous impressions which might arise out of the generality of expression in the *Messersmith* case. . . .

The decree of the court below is reversed at the cost of the appellee, and the record is remitted, with instructions that the case be referred to a master to take such additional testimony and make such further report as may be necessary to perfect the proceedings.

AUTHORITY OF DIRECTOR.

COURT OF ERRORS AND APPEALS OF NEW JERSEY.

Williams, Receiver, v. McDonald.

A director who has caused his savings bank to lose the amount of a loan by an unauthorized investment by reason of a defective security, is liable for such loss to the receiver of the bank.

Bill in chancery to charge defendant, a director and member of the finance committee of a savings bank to which plaintiff was appointed a receiver upon its insolvency, with the loss of certain money by reason of an illegal investment made by him in conjunction with the president of the bank. The money lost was the sum of \$4,000, put in a second mortgage on certain land, for which the mortgagor paid \$16,200, and upon which there were two incumbrances of \$11,000. The mortgagor paid \$1,000 on this loan, and there was a foreclosure on the other mortgages, and a sale for less than their amount. The charge in the bill is that the defendant, as an officer of the bank, was prohibited by its charter, as he well knew, against investing its funds in a mortgage unless the real estate was worth double the loan above all incumbrances, and that in making this loan for \$4,000 on property bought for \$16,200, as he well knew—when there were incumbrances of \$11,000, he had violated his duty under the charter. The receiver was defeated and appealed.

SCUDDER, J.—The real estate on which the mortgage was given is valued by witnesses at from \$15,000 to \$23,000. The variance is evidently due to estimates based on uncertain rentals of rooms, and speculative valuations from the expectation that, being near the shops of the railroad company, it might soon be required for an enlargement of their grounds, on the one extreme, and what the property would bring at a fair private sale between willing parties desirous to sell and to purchase, on the other side. The proof shows, in my judgment, that the property was sold to Murphy at a reasonable valuation, and that as a security for loans no higher estimate could be reasonably put upon it. The defendant was well acquainted with it, and knew the price Murphy was to pay for it, and, upon any construction that may be placed on the words of the charter restriction, must be charged with violating its terms when he procured, or assented to, the loan by the bank of \$4,000, which made a total incumbrance of \$15,000 on a property selling for \$16,200. The words of the restriction are awkwardly expressed, but mean at least double the amount of the sum invested and double all incumbrances. The word "above" signifies excess, and the word "double" qualifies this excess so that it may read double the investment and double the incumbrances. This is an ordinary and approved estimate of real estate as security for loans. The defendant could not be chargeable for any mere error of judgment or mistake in estimating the value of property, using reasonable and ordinary care in forming that judgment and making the estimate; but here there was no such error or mistake, for he knew the purchase price of the property, was well acquainted with its rentals, its location and advantages. He was a friend of Murphy, and had sold him groceries at wholesale at that place for several years. Neither can he be excused because the loan was made at the solicitation of the president and for the alleged benefit of the bank, for, as a manager,

director, and member of the finance committee, he was charged with a duty to the corporation and to its depositors, and cannot be exonerated by the unlawful act of any of his associate officers. He could not deal as a stranger with the president or any other officer of the company in making this loan to a third party. His own funds he might draw from the bank and invest as he chose, taking this bond and mortgage for his security, but he could not by direct participation assent to the taking of the funds of the corporation or its depositors, upon security forbidden by the charter, without violating his trust and becoming, equally with the president and severally, liable for any loss or damage resulting therefrom. Among the charges in the bill it is said that the defendant "received the said money for his benefit," but this is not a necessary averment to fix his responsibility. It is separable from the other charge, that it was a breach of his duty, as a trustee for the bank and its depositors, to invest and lose the trust funds by taking securities for loans forbidden by the charter. It is not essential to prove that he acted fraudulently, or that he derived any benefit from the loan. It is sufficient to show that there was a culpable lack of prudence, or failure to exercise with ordinary care his functions as *quasi* trustee of the funds of the bank, by which loss was sustained. The receiver, who has succeeded to the property, by the appointment of the court, for the purpose of settling and winding up the affairs of this corporation, is the proper party to bring this action, and the defendant is rightfully charged and should be held liable under the pleadings and evidence. The authorities are abundant and decisive on the points above determined. Among them may be cited *Williams v. McKay*, 13 Stew., 189; *Williams v. Riley*, 7 ib., 398; *Hun v. Cary*, 82 N.Y., 65; *Brinkerhoff v. Bostwick*, 88 ib., 52; *Hodges v. N. E. Screw Co.* 1 R. I., 312; 3 ib., 9; *Joint-Stock Discount Co. v. Brown*, L. R., 8 Eq., 376; *Land Credit Co v. Fermoy*, ib., 7; S. C., L. R., 5 Ch. App., 763; *Sperring's Appeal*, 71 Penn. St., 11; 3 Pomeroy Eq., Jur., 1,090-1,094.

The receiver has not been guilty of any unnecessary delay or laches, as against this defendant, in obtaining information of the affairs of the insolvent company, and prosecuting this claim in behalf of the corporation and its creditors. *Decree reversed.*

GIFT.

SUPREME JUDICIAL COURT OF MASSACHUSETTS.

Walker v. Welch.

A deposit of money made by a husband in a savings bank in his own name, as trustee for his wife, is not alone sufficient to constitute a gift of the money to her.*

Bill in equity by Nora Walker, the widow, against Francis C. Welch, the special administrator of the estate of Wilson Walker, alleging that said Wilson Walker deposited in a savings bank the sum of \$450 in trust for the plaintiff, and seeking to compel the delivery of the bank-book to her.

MORTON, Ch. J. There is no dispute as to the rules of law which govern this case. The burden is upon the plaintiff to prove a perfected gift to her by her husband of the sum which she claims. It is not enough that he deposited the amount in the savings bank in his name as trustee

* See 8 East. Rep'r, 637.

for her. There must be some further act or circumstances showing his intention to part with the control and dominion of the deposit, and to make a perfected gift of the legal or equitable interest in it to her. (*Gerrish v. New Bedford Inst. for Sav.*, 128 Mass. 159; *Sherman v. New Bedford Savings Bank*, 138 id. 581; *Nutt v. Morse*, 142 id. 1; S. C. 5 East. Rep'r 430.)

Upon examining the testimony it is found that there is no proof of any decisive act or declaration of the deceased, showing that he intended to make a gift to his wife. The bank-book was never delivered to her and she never exercised any control over it or the deposit during his life. There is no reliable proof of any statement by him showing such intention. The plaintiff relies upon the testimony of herself and her son by a former marriage. She testifies in direct examination that when her husband came back from the bank, "he said he put \$450 in my name, and \$1,000 in his own name." On cross-examination, she said he told her that "the \$450 was for me." The son testifies that "he told us the facts, that he had deposited the \$1,450—a thousand in his name and \$450 in his name in trust for his wife; the \$450 was to be my mother's, and if she saved her money she might have it." On cross-examination, he testified that "he said it was his intention that my mother should have the \$450 deposited in trust for her." The witnesses differ in their statements, and it is clear that neither can be relied on as giving the exact language used by the deceased. When we consider that both witnesses are interested and biased, and that they are not corroborated in any substantial way, their testimony fails to satisfy the mind that the deceased made a gift of this sum of \$450 to his wife. We are of opinion that the plaintiff failed to meet the burden of proving by a preponderance of evidence that such completed gift was intended and made, and, therefore, that the justice who heard the case rightly decided for the defendant.

Decree affirmed.

LEGAL MISCELLANY.

CONTRACTS—GAMBLING—FUTURES.—Contracts, apparently for future delivery of grain, but which each party proposed to close by a settlement of differences, are illegal and void. [*Dunn v. Bell*, S. C. Tenn.]

GAMING CONTRACTS—CORPORATION—STOCKHOLDERS.—Stockholders of a corporation, created apparently for legal objects, but intended for gaming contracts, which were afterwards conducted, may be held individually liable for such illegal acts of its managers or officers. [*McGrew v. City Produce Exchange*, S. C. Tenn.]

NEGOTIABLE INSTRUMENT—REQUISITES.—Where A makes out a bill for articles purchased by B to complete a contract with C, and C indorses the bill as accepting it, payable at a date named, the bill so indorsed becomes a negotiable instrument, under Colorado law. [*Cowan v. Hallack*, S. C. Colo.]

BILLS AND NOTES—ACCOMMODATION INDORSEMENT—CONFLICT OF LAWS.—Where an accommodation note is indorsed by accommodation indorser in another State than that where it was made, and sends it back to that State, no liability attaches to such indorser until the note is negotiated to a *bona fide* holder; and the law of the place where the note is negotiated will govern the contract of indorsement. [*Stubbs v. Colt*, U. S. C. C. Conn.]

NEGOTIABLE INSTRUMENT—NOTICE TO INDORSER—STATUTE.—In Massachusetts, by statute (Pub. Stat. ch. 77, § 16), notice may be given indorser of non-payment or non-acceptance by depositing the notice "sufficiently directed" in the post-office of the town or city in which the indorser resides or does business. Under this statute, it is sufficient to address the letter in the name of the person intended with the town or city, and without the street and number, if it appears that he received his letters at the post-office and not by postal delivery. [*Morse v. Chamberlin*, S. J. C. Mass.]

BILLS AND NOTES—ASSIGNMENT AFTER MATURITY—COUNTERCLAIM.—In a suit on a note assigned after maturity, the defendant can only set up a counterclaim or defense, which he could have set up against the assignor before the transfer. [*Wood v. Brush*, S. C. Cal.]

BILLS AND NOTES—DEMAND—NOTICE—PARTNERSHIP.—A notice of dishonor of a note to a partnership, who are indorsers, can be left at their place of business or at the residence of one of the partners. [*Fourth Nat. Bk. v. Altheimer*, S. C. Mo.]

BILLS AND NOTES—UNAUTHORIZED INDORSEMENT—BURDEN OF PROOF.—Where a misapplication and unlawful use of notes by a partner in transferring them by indorsement is shown, the burden of proof is cast upon the indorsee of showing that he received them before maturity and for a valuable consideration. [*Nat. Exchange Bk. v. White*, U. S. C. C. Mich.]

BONDS—OFFICIAL—LIABILITY OF SURETIES FOR DIFFERENT TERMS.—Sureties on an official's bond during a second term, other than those on his bond during his first term, are not liable for the official's delinquencies during his first term. [*State v. Alsop*, S. C. Mo.]

FORGERY—PROMISSORY NOTE—INSTRUCTIONS—EVIDENCE—APPEAL.—Where the defense is that the note sued upon is a forgery, and there is evidence tending to support the verdict, it will not be disturbed. The court may, by a proper instruction, withdraw from the jury evidence erroneously admitted. An appellate court will not take notice of exceptions to evidence, unless it appears by the record that the party excepted *at the time*, and the admission of the evidence is assigned in the party's motion for a new trial as one of the grounds on which his motion was based. [*Griffith v. Hanks*, S. C. Mo.]

GIFT—BANK DEPOSIT—INCOME.—A deposit by A of money in a bank in B's name, with the right by A to take the income during his life, to which B assents, is a valid gift, if intended as a present gift, though A keep the bank book. [*Smith v. Ossipee Bank*, S. C. N. H.]

LIMITATIONS—MUTUAL ACCOUNTS—APPLICATION OF PAYMENTS.—Items in mutual accounts within six years next before action brought, are not admissions of an unsettled account extending beyond six years, nor do they amount to a promise to pay so as to take the case out of the statute of limitations, nor does a mere understanding that any funds in the hands of either at the end of each year should be applied on the balance of indebtedness, in the absence of an actual application or statement of account or express promise. [*Gage v. Dudley*, S. C. N. H.]

PRINCIPAL AND AGENT—TRUSTEE—REVOCATION.—An agent who, in transacting the business of his agency, for considerations of convenience, describes himself as "trustee," is, nevertheless, an agent. If two principals, jointly interested in a matter of business, jointly authorize an agent to act for them, the severance of such joint interest operates a revocation of the agency. [*Howe v. Rand*, S. C. Ind.]

PRINCIPAL AND SURETY—INDORSER—EXTENSION OF TIME.—An agreement to extend an overdue promissory note on payment of overdue interest at a greater rate than allowed by law, but in amount of money less than was then due, does not discharge an accommodation indorser. [*Nat. Bank of Derby Line v. Dow*, S. J. C. Me.]

PROMISSORY NOTE—ACCOUNT—PAYMENT.—If, to an action on a promissory note and an account, and the plea is payment, the proof shows that the note has been paid, but not the account, a verdict for the defendant cannot be sustained. [*Tootle v. Malen*, S. C. Neb.]

RECEIPTS—PAROL EVIDENCE—EXPLANATION.—Parol evidence is admissible to explain the terms made use of in a receipt given for money to be accounted for thereafter, when they are so ambiguous as to require explanation. [*McLane v. Johnson*, S. C. Vt.]

SURETY—RELEASE OF—PAYMENT BY SURETY.—A creditor may release a surety without thereby releasing the principal debtor. If a surety pays a certain sum for his release, leaving the obligation in full force against his principal, the creditor may collect from the latter the full amount of the debt without crediting the sum paid by the surety. [*McIlhenny v. Blum*, S. C. Tex.]

TAXATION—NATIONAL BANK STOCK—INDEBTEDNESS.—An owner of national bank stock is taxable on the excess of the par value thereof above his interest-bearing indebtedness. [*Pearcy v. Town of Greenfield*, S. C. N. H.]

TAXATION—SAVINGS BANKS—STATUTES—EQUITY—INJUNCTION.—The statute law of Michigan relative to taxation of savings banks construed. When a bank has been illegally taxed, and the effect of proceedings for the collection of the tax is to impede its business, equity will intervene by injunction. [*Lenawee, etc. Bank v. City of Adrian*, S. C. Mich.]

TRUST FUND—CONVERSION—FOLLOWING.—A trust fund wrongfully converted can always be followed by the *cestui que trust*, so long as it can be identified, until it gets into the hands of a *bona fide* purchaser. When it is turned into money and mixed with a mass of other money, it can no longer be identified. [*Appeal of Hopkins*, S. C. Penn.]

BANKS—SAVINGS BANK—BOND TO SECURE DEPOSITS—GUARANTY.—Under New York law, a savings bank depositing funds in a national bank, may require interest to be paid on such deposits, provided they are payable on demand. A bank may require in such a case a bond to secure the deposits, and if a new bond is given on demand the old one may be surrendered, and a guaranty indorsed on the new bond is obligatory, although the guarantor did not know that the old bond had been surrendered. [*Erie, etc. Bank v. Coit*, N. Y. Ct. App.]

BILLS OF EXCHANGE—ACCEPTANCE OF CORPORATION—BURDEN OF PROOF.—A holder of a bill of exchange has the same rights whether the acceptance was before or after he acquired the bill. When a corporation denies the authority of its treasurer to accept a draft, because it is an accommodation acceptance and because the holder is not a *bona fide* holder for value, the burden of proving these allegations rests upon the corporation. [*Credit, etc. Co. v. Home, etc. Co.*, S. C. Conn.]

BONDS—STATE—FUNDING—EXCESSIVE—BONA FIDE HOLDER.—The holder of genuine State bonds is entitled to have them funded, though the auditor's books show that too many bonds have been already funded. [*Buckingham v. Bd. Liquidation*, S. C. La.]

BILLS AND NOTES—ASSIGNMENT—ACTION.—Though an assignment of a note is made to cut off a defense in a suit to foreclose a mortgage given to secure the note, yet the assignee may sue in the United States court, if the transfer is complete, giving the assignee a right of action in his own name. [*Lanier v. Nash*, U. S. S. C.]

CONFLICT OF LAWS—BILLS OF EXCHANGE—CORPORATION—ACCEPTANCE—HOLDER FOR VALUE—PRE-EXISTING DEBT—ACCOMMODATION—ACCEPTANCE.—If a bill is drawn on a corporation doing business in New York and is payable there, the law of New York governs. A business corporation cannot accept drafts for accommodation, nor can it be authorized to do so by the consent of directors or stockholders. A holder of a bill which he takes for a pre-existing debt is not, under New York law, a holder for value, and therefore cannot recover upon an acceptance of an accommodation bill by a corporation. An indorser, not originally a *bona fide* holder for value, does not become such because he has taken up the draft at maturity. [*Webster v. Home, etc. Co.* S. C. Conn.]

CONFLICT OF LAWS—MARRIED WOMAN—NOTE.—The note of a married woman, executed by her for necessities (no place of payment being named), in a State in which such a contract is obligatory, can be enforced in a State in which such a contract made in it would not be obligatory. [*Griswold v. Golding*, Ky. Ct. App.]

CONSTITUTIONAL LAW—OBLIGATION OF CONTRACTS—TAXING DISTRICTS—MANDAMUS—LIMITATIONS.—The taxing district is the successor of the town or city whose charter has been repealed, and is obliged to provide for the liabilities of the latter. It must levy taxes to provide for such liabilities, and may be compelled to do so by *mandamus*. The statute of limitations, as against the creditor of a town or city, is suspended by a repeal of its charter, which extinguishes the body liable to be sued for such debts. The rights of the creditors of such town or city are not affected by legislative action abolishing their remedy, as such action is repugnant to the clause of the constitution of the United States forbidding States to impair the obligation of contracts. [*Devereaux v. City of Brownsville*, U. S. C. C. of Tenn., Jan. 25, 1887; 29 Fed. Rep. 742.]

CORPORATION—PAYMENT OF STOCK—TRUST.—Payment of subscriptions of stock in a corporation must be made in money or its equivalent in property. Unpaid subscriptions constitute a trust fund for the benefit of creditors, and its officers cannot accept simulated payment of subscriptions. [*Coffen v. Ransdell*, S. C. Ind.]

CORPORATIONS—PURCHASE OF STOCK—BROKER—ASSESSMENTS.—A bank which purchases stock in a corporation as a broker, but has it transferred to itself, becomes a stockholder therein, and continues liable for unpaid installments thereof, under Virginia laws, though it immediately transfers the stock. [*McKim v. Glenn*, Md., Ct. Ap.]

NATIONAL BANK—INCREASE OF CAPITAL—CONDITIONAL SUBSCRIPTION.—A national bank resolved to double its capital and offered the increased stock to the stockholders proportionately, and a stockholder paid in the proper amount, taking a receipt on account of subscription to stock. The bank subsequently voted only to increase its stock by the amount paid in, and so notified the comptroller of the currency, who issued the proper certificate; the bank failed within a month thereafter. Held, that the stockholder could recover the money so paid in with interest. [*Eaton v. Pacific Nat. Bank*, S. J. C. Mass.]

GUARANTY—JOINT AND SEVERAL CONTRACTS.—In an action on a guaranty of a contract of another party to faithfully account for money, it is no defense to show that other parties are also liable for a part or the whole of the debt, or guaranties being joint and several. [*People v. Lee*, N. Y. Ct. App.]

LIMITATIONS—STATUTE OF—PAYMENT OF SURETY—CREDIT GIVEN.—In an action on a promissory note against a surety thereon, an agreement that a payment made by the surety on another liability, where the plaintiff was the principal debtor, should be credited on the note, will take away the bar of the statute of limitations. [*State Nat. Bank v. Harris*, S. C. N. Car.]

LIMITATIONS—STATUTE OF—PROMISSORY NOTE—INDORSEMENT OF PAYMENT.—An indorsement of payment on a promissory note, standing alone, is not sufficient proof of an actual payment. [*Cleveland v. Dinsmore*, S. C. Vt.]

PARTNER—PROMISSORY NOTE—DEMAND AND NOTICE—WAIVER AFTER DISSOLUTION.—A settling partner after a dissolution has power to bind all the partners by a waiver of a demand and a notice of a promissory note indorsed by them. [*Seldner v. Att. Jackson Nat. Bank*, Md. Ct. App.]

PROMISSORY NOTE—CONSIDERATION—DEBT OF DECEASED HUSBAND.—The promissory note of a wife, given in payment of a debt of her deceased husband, is binding, though she was not bound to pay her husband's debt and though no administration had then been taken out on his estate. [*Carpenter v. Page*, S. J. C. Mass.]

RAILROAD—CONSTRUCTION—LIEN—MORTGAGE—APPEAL.—Railroad bonds secured by mortgage, issued for the purpose of constructing and extending the road, constitute, in the hands of an assignee, for value and in good faith, a first lien on the road as against persons holding unsecured construction claims. After a decree declaring, in general, construction claims to be superior to the lien of a mortgage, another decree more specific in its terms, setting out who are the holders of such preferred claims, the other party may appeal from the latter without appealing from the former decree. [*Porter v. Pittsburgh, etc. Co.*, U. S. S. C.]

USURY—MORTGAGE—ASSIGNMENT—EQUITY.—A mortgage securing negotiable paper is not protected from the avoiding effects of usury, under Minnesota law. One seeking the cancellation of usurious securities should offer to pay the real amount of his debt with interest. [*Scott v. Austin*, S. C. Minn.]

USURY—WHEN DEFEATED.—If usury can by any means be discovered, the court will refuse to compel its payment. [*Hartranft v. Uhlinger*, S. C. Penn.]

USURY—WHO CAN PLEAD.—The grantor of a mortgagor, who assumes the payment of a mortgage, cannot plead usury; that defense is personal to the debtor. [*Sullivan Sav. Inst. v. Copeland*, S. C. Iowa.]

THE CURRENCY OF THE COUNTRY.

It has pleased the speculating bankers and brokers to tell the financial reporters that we are on the eve of a close money market, which means that lenders are to charge a higher rate of interest than was current a year ago. People will do well not to be frightened by these announcements, for nobody knows exactly what is going to happen in interest rates. The principal point on which lenders rely for higher rates of interest is the contraction of the currency coupled with a greater demand for money. But these facts should not be exaggerated. The more civilized a country is the less will it require a vast circulating medium. Great Britain gets along quite well with about \$25 a head. France has about \$55, Cuba about the same amount, while this country has an intermediate amount—say, about \$35 a head. The point that tells in these things is not the volume of the currency, but the rapidity with which it passes round in the form of good checks and other safe credits. It is customary to think that the price of money is regulated by supply and demand, and that an abundant supply of currency furnished by the national government means cheap money to borrowers. This view is rather shallow and falls altogether short of the actual facts. The United Kingdom shows that a limited currency goes very well with low rates of interest, and Cuba shows that an abundant currency does not necessarily lower a higher rate of interest. Our own country occupies an intermediate position. It is true, however, that our currency is diminishing.

On January 14, 1875, the outstanding national bank currency was \$351,861,450. On November 1, 1886, this amount had fallen to \$301,233,820, excluding gold notes. Not long since the amount was but \$279,735,346, a large part of which is doomed to early extinction. Not less than \$99,664,494 in government notes had been deposited with the Treasurer of the United States to redeem the same amount of national bank notes upon presentation. These notes about to be redeemed and destroyed were issued by banks now out of business, or against bonds already redeemed. It is probable that this process will be substantially completed within a year; but it will be noticed that for each bank note of the redeemable \$99,664,494, a corresponding amount of government notes or coin will pass into circulation. Accordingly, the supply of the currency in the hands of the people will not be diminished, save indirectly and very gradually. The remainder of the outstanding bank notes, \$180,070,852 in all, was still supported by \$201,435,400 of bonds deposited with the Treasurer. This deposit would support 90 per cent. of its face value, or \$181,291,860, which shows that the banks issue their currency very nearly up to the full limit allowed by the statute. But the bonds supporting the national bank notes included \$16,406,150 in three per cents. These bonds are nearly all redeemed, and so are all the bank notes issued against them—a possible total of \$14,765,535—will be redeemable as well. The process is as follows. The banks get their cash for the bonds redeemed. Of every \$100 thus received they deposit \$90 with the Treasurer to redeem outstanding circulation. This redemption may take some time, but it restores to each bank in government notes or coin the amount of bank notes redeemed and destroyed. Again, the reduction of the currency is indirect; its effect is not sudden; and for the time being the amount of currency in the hands of the people,

the banks included, is not diminished. The remaining bank notes, issued against \$185,029,250 in 4, 4½, and 6 per cent. bonds, are fully or nearly \$166,526,325, and are in no special danger of redemption up to July 1, 1891, when the four-and-a-half per cent. bonds are redeemable. Of course, to come down from \$301,233,820 on November 1, 1886, to \$279,735,346, on June 18, 1887, and now to suffer a further contraction until we reach \$166,526,325, is a very material and grave shrinkage. In a word, within a year from now we are apt to reduce our currency about a hundred millions. Possibly the process may be somewhat slower. But the fact must be faced, and it is not prudent to understate it. If recent utterances may be trusted, it will be overstated by those very bankers who are fond of giving financial items to the press. Borrowers will be told that money is very scarce, that they must pay higher rates of interest, and that the contraction of the currency is the cause of it all. In the West there will be the usual cry for a more abundant circulating medium and the demand will be popular everywhere. The voters are almost unanimous in favoring an abundant currency.

Fortunately, there are some mitigating circumstances connected with the contraction of the national bank currency. To begin with, the process will be visible, not hidden; gradual, not sudden. In the next place, the silver coinage or its equivalent in silver certificates, however inferior to bank notes, will fill a large hole of about \$2,500,000 a month. In the third place, the gold product of the mines will continue, as usual, to swell our currency. But, on the whole, the currency must diminish, and it is very unfortunate that at the same time the cash in the Treasury will accumulate at the presumptive rate of about \$8,500,000 a month. This cash cannot be paid out, save for running expenses and for bonds bought in the open market. Mr. Secretary Fairchild is not likely to buy a large amount of bonds in that way, and the running expenses of the government do not call for unusual disbursements. Therefore, as soon as all the three per cent. bonds are redeemed, we shall have a rapid contraction of the currency, coupled with an excessive hoarding of cash in the vaults of the Treasury. This hoard cannot be released, save by the authority of Congress.

But should money become much dearer than six per cent., the banks are at liberty to deposit bonds with the Treasurer and to issue ninety per cent. of their face value in circulation. The profit would be slight, but the banks could swell the currency until the supply of bonds is exhausted or the premium so high as to exhaust all profits. This important resource is available for the present, and it is the duty of Congress to open further resources. At any rate, the men of finance may discount, counteract and if necessary prevent the contraction of the currency. For this reason the state of the currency, though not at all good, should not affect the money and merchandise markets very unfavorably, and the gloomy outcries of the speculating bankers should not frighten the people. Whatever the momentary pinch may be, the danger in this country is much greater from an indifferent and redundant than from too limited a currency, and Congress has ample means for restoring the national bank notes to their former volume. Let it repeal the tax on circulation and authorize the issue of notes up to the face value of bonds. In that case the banks will readily circulate notes. Even if a 4½ per cent. bond costs \$109.75, and is redeemed on September 1, 1891, it will pay to issue bank notes against it, provided these notes are not taxed, and \$100 in notes may be issued against every \$100 bond deposited with the treasurer. A \$1,000 in bonds at 109¾ would cost \$1,097.50. Six per cent. interest on this sum would yield

\$65.85. If the bank deposits the bond against notes, and receives \$1,000 of these free of tax, the bank will get \$45 on the bond and \$57 for the \$950 it will loan, \$50 being deposited in the 5 per cent. fund. This interest of \$102 will be diminished by the loss of the premium distributed over four years. But a profit will remain. The case, then, is not desperate. —*The Beacon.*

THE GOLD AND SILVER COMMISSION.

The Commission appointed by the British Government to inquire into the recent changes in the relative value of the precious metals has just issued its first report, from which the *London Economist* has made the following extract:

First, we have to deal with the evidence as to the supply of and the demand for, the precious metals. On this point the inquiry has furnished us with no new information whatever. All that it has done has been to make it more evident than before that the so-called statistics of production and consumption which have been produced from time to time, are all of them more or less conjectural and unreliable. It is possible that the estimates of annual production may approach with some degree of nearness to the truth; for as regards them, although they contain a large amount of guesswork, there is some substantial basis of ascertained facts to work upon. When, however, we turn to the estimates of consumption, we enter the region of pure speculation. As evidence of this, let us compare the estimates of gold production with those of gold coinage in the period of 1851 to 1884. The figures are:

	Estimated production (Dr. Soetbeer).	Value of gold coinage of principal countries.
1881-1884.....	£83,428,000	£120,731,000
1876-1880.....	120,261,000	194,432,000
1871-1875.....	121,302,000	189,567,000
1866-1870.....	136,035,000	128,910,000
1861-1865.....	129,082,000	156,538,000
1856-1860.....	140,725,000	176,369,000
1851-1855.....	139,077,000	166,555,000
	£869,910,000	£1,136,102,000

According to this showing, the value of the gold coined during the 30 years exceeded the total gold production by nearly £260,000,000, or fully 30 per cent. But, of course, it is not the fact that the coinage demand during this period absorbed hundreds of millions more than the total production of the metal. A very large amount of the gold minted was practically not new coinage at all. Take, for example, our own mint. From that there was turned out during the year 1885 gold coin to the value of £2,952,000, but of this total £1,250,000 consisted of light gold reintegrated to its full weight. Then, again, a considerable portion of the gold coinage of every country consists of the gold coins of other countries melted down and reminted. Mr. Palgrave said he had it on good authority that about one-fourth of the gold coined at our mint between 1871 and 1880 consisted of United States gold coin melted and reminted here. Now, obviously, if we wish to ascertain in what relation the coinage demand for gold stands to the total production, we must deduct from the total coinage that portion which consists

of old coins altered in form. This is no addition to the world's stock of coin, and constitutes no new demand for the metal. This, however, is what we are quite unable to do, because in the case of many countries there are no mint records of the sources whence the gold coined was derived, and even if there were records, they would be unreliable, for the reason indicated in the following question and answer:

"Then," said Mr. Balfour to Mr. S. Pixley, who was being examined as to the mode of dealing with melted coin, "we may lay it down that, while in England it is not customary to refine remelted coin, in many other countries it is customary; and, therefore, it would be impossible to find statistics to show how much of the bullion sent in for recoinage is old coin, and how much comes straight from the mines?" And to this question the answer was, "Yes."

As a possible way out of this difficulty, it was suggested that the actual demand for currency purposes might be ascertained by deducting from the total production the quantity used in arts and manufactures, and assuming that the balance is turned into coin. This method, however, does not really advance us by a single inch. Estimates have been made of the consumption of gold for industrial purposes, but they are so imperfect and hypothetical that no reliance can be placed upon them. Besides, even if the total industrial consumption were ascertained, we should still have the same difficulty that confronts us when we turn to the coinage statistics, because part of the gold used industrially is obtained by the melting down of coin and old ornaments; and how much is obtained in this way, and how much supplied out of the production of the year, it is impossible to say.

With regard, then, to the first part of the Commissioners' inquiry—that which relates to the supply and consumption of the precious metals—nothing new or definite has been ascertained. The only result is, that greater doubt than ever has been cast upon existing statistics; but as the question is still being investigated, we may have more light before the labors of the Commission are brought to a close.

THE RANDOLPH DEBT.

A STRANGE HISTORY OF A FINANCIAL MYTH.

The history here for the first time told must begin under the disadvantage of apparently concerning only a dead man, and also of having to use figures. Nevertheless, under the dead man's case is one of living importance, and under the figures are facts stranger than fiction.

In a list of debtors to the United States, recently laid before Congress by the Register of the Treasury, a balance of \$61,355 stands against the name of Edmund Randolph, Secretary of State under Washington.

At this moment there exists in the Treasury Department a Register's certificate that the United States owes Edmund Randolph \$3,784.11*.

In preparing a biography of Edmund Randolph, which I was led to undertake by a certain sympathy with his constitutional heresies, it

* This certificate appears further on. It may here be said that although the documents referred to in this paper may, for brevity, be sometimes cited only in substance, they can all be produced.

became necessary for me to discover whether there were any truth in the reiterated charge that he left office a defaulter. A careful search among the archives of the State Department proved the absence of any trace of the matter there. My first day or two at the Treasury proved similarly unpromising. I was assured that there were no accounts at all remaining of the issue between the Government and Randolph, and that no doubt they were destroyed when the Treasury was burned by the British in 1814. Nevertheless, I found at Richmond a grandson of Randolph (P. V. Daniel, Jr.), who assured me that the said accounts had been shown him by Peter Washington at the Treasury, in 1856. So I renewed my siege at the Department, and gradually there have been discovered many documents, revealing the entire history of this mythical defalcation and debt.

When Edmund Randolph believed that Washington had prejudged him, on an accusation by other members of the Cabinet, of intrigue with the French Minister, he indignantly threw down the keys of the State Department. One of his accusers, Timothy Pickering, succeeded to his office, and an account was made out against Randolph of \$49,154.89 for "moneys placed in his hands to defray the expenses of foreign intercourse." There was no suggestion of defalcation in the matter. Mr. Pickering on his retirement stood indebted in a larger amount. Under the system of that time, abandoned at the beginning of the present century, the Secretary of State personally disbursed the funds provided for diplomatic and consular service, and was individually responsible for their application. If money were sent by him to an agent in Europe and were captured by a blockader or lost by a broken bank, the Secretary had to pay it. Several losses of that kind occurred in Randolph's case; in one instance \$9,000 were lost by the failure of an Amsterdam bank. Randolph was the first sufferer, and naturally resolved to demand allowance for such losses, the facts being undeniable. The result was a suit against him brought in the United States Circuit Court, at Richmond, begun June 5, 1797, the plea being *non assumpsit*. Examinations of the records of that court show that there were two trials, in each of which the jury was unable to agree. Randolph then consented that the issue should be arbitrated by the Comptroller of the Treasury. This confidence in the justice of his case was not rewarded by success. The bill had grown by interest since it was first made out. The judgment of the referee, Gabriel Duvall, Comptroller of the Treasury, was against Randolph for \$53,162.89, with interest from November 24, 1804 (when this judgment was rendered), until paid.

Randolph obtained a stay of execution in order that he might dispose of his estate to the best advantage. When Washington appointed him one of his aides (August 15, 1775), Randolph had sacrificed everything for the American cause, but Peyton Randolph, his uncle, left him his lands and negroes. Conscientious motives had always prevented Edmund Randolph from selling the increase of these slaves, who consumed the produce of the lands; but now they all went to satisfy this judgment. His property was made over to the Hon. Wilson Cary Nicholas, with whom the Government contracted for a discharge of the judgment in four equal annual installments of \$13,290.72 each, commencing January 1, 1807. The amounts were covered by bonds to the value of \$62,534.13, which were punctually paid in; and the whole matter, so far as Randolph and Nicholas were concerned, was settled on January 1, 1810. The judgment had called for interest, and this on the four several installments amounted together to \$11,491.32. It will be

observed, however, that the Government had received bonds exceeding the original judgment debt by \$9,371.24; and it seems probable that the bonds bore interest sufficient to secure the \$2,120.08 of remaining interest. At any rate, nothing was said of interest until after the death of both Randolph (1813) and Nicholas (1820). They died without dreaming of any balance due the United States, as well they might, for ultimately the Government realized from the bonds an excess of cash over the judgment debt of \$7,716.21.

By a First Auditor's report, November 29, 1821, the bonds had brought into the Treasury \$42,031.12. On August 17, 1824, further amounts were reported, raising the receipts to \$44,217.76. These Auditors were simply keeping account of sums which the Government was realizing on its bargain with Nicholas, an account which had nothing to do with either Nicholas or Randolph. However, though Randolph had passed out of the matter in 1806, when Nicholas was accepted in his place by the Government, and Nicholas had been released when (1810) his bonds had been accepted "in discharge of the judgment," and though both were dead, the name of Randolph continued to be given to the account on the Treasury books. Out of this name a sort of onomatopoeic myth began to grow in 1824, when the receipts from the bonds, and their shortness of the historical judgment debt, were treated as credits and debts between Randolph and the Government, instead of between the Government and the estates encumbered by the bonds. Nicholas, as representative of Randolph, was summoned back into the matter by Robert Stanard, United States Attorney for the Eastern District of Virginia, who had been requested by the agent of the Treasury, S. Pleasanton, to investigate the condition and the value of these bonds. The following extracts from Stanard's report (Aug., 1824) are pertinent to our inquiry:

"You are apprised that a judgment was rendered in December, 1804, in favor of the United States against Mr. Randolph for \$53,162.89, with interest thereon from the 24th of November, 1804; that subsequent to the rendition of that judgment W. C. Nicholas undertook to discharge that judgment in four equal annual installments, commencing the 1st of January, 1807, by the assignment of bonds equal to the amount of the respective installments, at or before the times at which the installments should respectively become due, and that to secure the fulfillment of the contract he gave a lien on valuable real estate to the United States, defeasible by his compliance with his contract, and that Mr. Nicholas, in fulfillment of his contract, did assign to the United States and place in the hands of Mr. Hay" (U. S. Dist. Attorney) "bonds to a very large amount. It seems to have been thought both by Mr. Nicholas and Mr. Hay that the lands so assigned were fully equal to the aggregate of the said installments; but upon a closer examination I have ascertained that the amount of them did not equal the installments, and of course, to the amount of that deficit Mr. Nicholas was delinquent, and that the lien he had given, as above mentioned, on real estate might still be enforced to the amount of such deficiency. Upon examining the deed by which that lien was created, I was of opinion that the lien might also be made available to charge the land with the amount of such of the bonds that had been assigned as were ascertained to be unproductive after *due and strict diligence on the part of the United States to recover the amount from the obligors*. This opinion made it necessary that I should be possessed of a schedule of all the bonds and of information of the measures taken on behalf of the United States to enforce the collection of them. . . . I have arranged the bonds into six distinct classes for

the more facile and certain application of the opinion above stated respecting the liability of the land encumbered for the unproductive bonds.

Upon a careful consideration of the matter, my opinion is that on the two bonds only embraced in the sixth class can a claim be successfully asserted by the United States to charge the encumbered land, or even to charge the assignor. . . . The statement B accompanying this letter shows the amount of the deficiency of the assignments of Mr. Nicholas, and the statement C the total amount due, including the bonds comprehended in the sixth class of the summary A, and interest to the 1st of September next. . . . I have been informed that the land encumbered by Mr. Nicholas has been long ago (under the impression that the full amount of the debt of Mr. Randolph was covered by the assigned bonds) in part sold and the residue encumbered to the creditors of Mr. Nicholas; and a gentleman who is much interested in the subject informs me that the purchaser and creditors are very anxious to clear the title by removing the encumbrance of the United States; and that (although they do not assent to the opinion that the lands can be charged by the United States with the amount of bonds which were actually assigned that they have after due diligence been unproductive), they will, rather than incur the trouble and expense of litigation, and the serious inconvenience of delay, consent to the charge for the two bonds in the sixth class, and will, on condition that the lien of the United States be released, pay the amount of those bonds and the balance aforesaid not covered by the assignment of bonds. Were it submitted to my discretion I should not hesitate an acceptance of this proposition."

It is difficult to see how the United States could recover in such a case. It had accepted bonds to the extent of \$62,534.13 to cover a debt of 53,162.89; and, unless on a principle of "heads I win, tails you lose," it had accepted them for better or worse. Mr. Nicholas could not control the measures of the Government to make the most of his bonds, and if any fell short it was as much their fault as his (unless fraud were proved, whereas it is distinctly disclaimed) that such were accepted. This point, however, is not important to the present inquiry. Here was a clear offer to pay a certain amount, "on condition that the lien of the United States be released." It was accepted by the Agent of the Treasury (Pleasanton) August 21, 1824, in the following terms: "I concur with you that we cannot legally or equitably hold Mr. Nicholas' estate for more than the amount of bonds assigned by him and also for the amount of the bonds placed by you under the sixth head of the summary A forwarded to me. All the other bonds have either been paid, or such indulgence has been given to and security required of the parties as would operate a release of Mr Nicholas from all responsibility for them. If the representatives or purchasers, therefore, of Mr. Nicholas' property will pay to you the sum of \$6,273.99, which appears by your statement C to be principal and interest for which they are accountable, the lien which was given to the United States upon the property may be discharged."

The money was punctually paid. The United States Attorney, deducting his expenses (\$309.21), duly forwarded it, and the warrant is signed by Richard Rush, Secretary of the Treasury. The warrant is endorsed as follows: "Payment to Office Bank U. S. Richmond, March 25, 1825, \$6,075.12 by Robert Stanard, Dist. Att'y Eastern District of Virginia, Net Balance, deducting commissions, received in full discharge of Wilson C. Nicholas' responsibility for the debt due by the said Randolph to the U. S. in satisfaction of the mortgage granted by the said

Nicholas to the United States to secure the responsibility he assumed for said debt."

The reason why the bonds had fallen short was that interest had not been calculated on the interest remaining after the last installment was paid in 1810. Stanard had now estimated all conceivable interests, shown their precise amount, and that amount was exactly paid. It will be seen by the following statement, for which I am indebted to an eminent financier and accountant, that on March 25, 1825, the account was perfectly balanced:

DR.	
To amount of judgment debt.....	\$53,162 89
To interest on the four equal annual installments of \$13,290.72 each, computed from November 24, 1804, up to the respective dates of the assignment of the bonds.....	11,491 32
To interest on each balance of the several installments remaining after deducting the amounts of the bonds assigned, from January 1, 1807, to January 1, 1810.....	98 19
To interest on the total unpaid balance from January 1, 1810, to September 1, 1824.....	\$1,952 09
From September 1, 1824, to March 25, 1825.....	110 34
	<hr/>
To amount of bonds of Class C, charged back, with interest thereon, as per report of Solicitor.....	2,062 43
	2,103 63
	<hr/>
	\$68,918 46
CR.	
By total amount of bonds assigned from January 1, 1807, to January 1, 1810—four installments.....	62,534 13
By amount received by Robt. Stanard, United States Attorney at Richmond, and remitted to the Treasury March 25, 1825, in full discharge of the liability of Mr. Nicholas and Mr. Randolph, net	6,075 12
By expenses and costs on said payment of \$6,075 12, retained.....	309 21
	<hr/>
	\$68,918 46

Even if the account had not been exactly balanced—as it was—it is amazing to think that any one could have ventured to reopen it after the full discharge of Nicholas, March 25, 1825, already quoted. Nicholas had been summoned from his grave, appeared by his assigns, told that his bonds had not turned out so well as the Treasury expected, had denied their right to burden him with their failure, but, wishing to sleep in peace, had paid the deficit named by the Government itself. He had borne away a complete release. Treasury-Agent Pleasanton and District-Attorney Stanard considered the whole matter forever settled. But it is not so easy to lay a phantom once evoked. Notwithstanding his exactness in other things, Stanard had been inaccurate in stating that to the amount of any deficit in the result of bonds accepted, without suggestion of fraud, "Mr. Nicholas was a delinquent." The securities, the foresight, or the diligence of the Government may have been delinquent, but not the man who had offered payments they were free to reject. This dragging back of Nicholas into the matter involved a principle not recognized in Stanard's estimates. He had given Nicholas credit for the face value of the bonds assigned—\$62,534.13—and only demanded of him certain arrearage of interest, which, by the way, nobody had remembered till he was dead. But to Somebody in the Treasury at that time, it appeared only logical that if Nicholas was still chargeable in the matter at all it was necessary to keep a running account with him. So this Somebody estimated the actual moneys successively paid into the Treasury, and credited these to Nicholas, instead of the amount of bonds received by the Government in 1807-10 as price of his and Randolph's discharge. The actual receipts in 1824

fell short of the original debt by \$8,955.13. That was the sum on the loss side when the Stanard money came in—\$6,075.12. Then the mysterious Somebody wrote on this very warrant, with its full discharge of Nicholas—wrote in pencil, but did not sign the words: "Balance due from him, No. 47,540—\$8,955.13," (The number refers to a First Auditor's Report, August 17, 1824.) If Stanard's estimate be ignored, and the full discharge, given on receipt of the sum agreed on between the Government and its attorney as all it could claim, be disregarded, it requires but simplest subtraction to leave a debit against Nicholas of \$2,880.01. The "Randolph debt" seems to have become a pet in the Treasury Department, and here was a snug little balance which would admit of its entrance on a new departure.

The darling debt was presently again threatened with extinction. Certain lands in Virginia, which had been mortgaged to secure two of the Nicholas bonds, were put up at auction in 1830, and bid in by the Government for \$3,950. These lands were afterwards (January 28, 1833) sold by the Government for \$10,596.22. Of this last sum there had been received into the Treasury by March 31, 1834, the amount of \$6,664.12, the rest being secured and subsequently paid. Now, it would appear that the Somebody who ten years before had insisted on charging Nicholas with a fictitious balance (\$2,880.01), after the Secretary of the Treasury had signed his final release, had been succeeded in the department by a Somebodyelse, who supposed that what was sauce for the Government was sauce for Nicholas. If Nicholas was still to be charged when his bonds fell short, he must be credited when they exceeded. Consequently this Somebodyelse credited the account with the sums received on the lands sold in 1833, with the result of leaving in the Treasury the certificate of its indebtedness to Randolph, referred to in the beginning of this paper:

Edmund Randolph, late Secretary of State.	Dr.
To balance due per report No. 52,505—\$2,880.01.....	\$2,880.01
By warrants in favor of Treasurer	Contra.
1833, June 30, No 1011.....	\$1,993.12
1834, March 31, No. 1234.....	4,671
	<hr/>
	\$6,664.12
Balance due him, dollars.....	\$3,784.11
TREASURY DEPARTMENT, Oct. 20, 1834,	
T. L. SMITH, Register.	

However melancholy this outcome of the pet account, it might have been supposed that this "balance due him" would be paid to the heirs of Nicholas; or at any rate that the account was hermetically closed. But the department would not part with its darling debt so easily; within twenty-five days of the Register's certificate of a "balance due him," a comptroller's certificate made Randolph a debtor to the Government to the amount now standing against him, \$61,355.07!

The way in which this financial feat was achieved was as follows: The \$6,664.12 was, in the pursuant settlement (Nov. 14, 1834), duly credited to "Randolph," but also debited against him. There it stands to-day, credited and debited on side by side pages. Instead of it, "Randolph" (whose name now supersedes Nicholas) is credited with the \$3,950 for which the Government had bid in the lands. Even this set-off against the \$2,880.01 left the Government in debt to "Randolph" \$1,069.99. But this intolerable result was escaped, and the pet debt made eternal, by the magnificent stroke of charging "Randolph" with interest on the whole judgment debt from November 23, 1804, to October 22, 1834.

This, after deducting the admitted "balance due him" (\$1,069.99), created the default just laid before Congress—\$61,355.07.

Such was the "readjustment" made by Virgil Maxcy, Solicitor of the Treasury, in 1834. But in 1856 F. B. Streeter, Solicitor of the Treasury, investigated the account, and recognized errors enough in the adjustment of 1834 to call the attention of Secretary Guthrie to them. On this Secretary Guthrie wrote to T. L. Smith, First Auditor, as follows:

TREASURY DEPARTMENT, April 28, 1856.

SIR: I enclose herewith a letter from the Solicitor of the Treasury giving a history of the case of Edmund Randolph, deceased, late Secretary of State, and explaining the principles on which the final settlement of his account was made in your office in the year 1834. The fact stated by the Solicitor, that whilst the debt is discharged, according to judicial and other proceedings had thereon, including payments made, and the United States have no longer any claim on his estate, that settlement shows a balance due from it to the United States of \$61,355.07, is sufficient of itself to show that the settlement was erroneous. Such being the case I have to request that you will revise and readjust the said account in order that it may truly and properly exhibit its actual condition.

(1.) You will credit Mr. Randolph with the payments made separately for principal and interest arising from collections on bonds assigned by W. C. Nicholas as stated by the Solicitor, the amount of which payments does not appear from his letters. (2.) You will credit the account with the amount of those bonds assigned by W. C. Nicholas which proved unproductive, and by want of due diligence on the part of the United States, in respect of which the United States have lost their remedy, under the mortgage given by Mr. Nicholas on certain real estate, these lands being all those set forth on the exhibit of Mr. Stanard marked A, except two; the reason of which exception, as Mr. Stanard states, will appear in said exhibit. (3.) You will charge and credit said account with interest, as the same was properly chargeable and paid. (4.) You will also credit the account with \$3,950, the amount at which a certain piece of land was bid in for the United States. The difference between that sum and the amount for which the land was subsequently sold—being \$6,646.22—should have been, and I presume was, covered as a miscellaneous receipt into the Treasury. (5.) The debits and credits will, if the statements of the Solicitor be correct, balance and close the account of Mr. Randolph, with the exception of the amount of difference between the sum of \$6,384.33 collected and \$6,075.12 paid over by Mr. Stanard (namely, \$309.21), which the Solicitor supposes was retained for costs and expenses, and which, considering the death of Mr. Stanard and the length of time that has elapsed since his payment, you are authorized to treat as such.

When you have completed this revision and readjustment you will report the result to this department. I am very respectfully,

JAMES GUTHRIE, Secretary of the Treasury.

Of this important order by the Secretary of the Treasury no notice whatever appears to have been taken. Persistent searches have failed to discover any further document. It would seem incredible that such a command from the head of a department should remain unfulfilled; yet such is the fact. In consequence of this neglect, an executive document has this year been published, which adds another to the libels on a statesman whose life was one of service and sacrifice for his country.

The result has proved that the United States made a good bargain with Randolph and Nicholas. The Treasury has received a total of \$60,879.10 in cash for a judgment in its favor of \$53,162.89. The Government is in pocket \$7,716.21. But whether the Government lost or gained has nothing to do with either Randolph or Nicholas, and the publication of Randolph's name in connection with the deficit, even were this not fictitious, has the effect of a libel. The interest out of which this mythical defalcation was made in 1834 was indeed arbitrary; one can only wonder why, in the recent executive document, it was not calculated up to 1887. The shades of Randolph and Nicholas may vary the remark of Artemus Ward, and say for evermore "In the midst of death we are in debt." But the position of Guthrie is certainly sound. The Government having approved and

entered into the agreement with Nicholas to discharge the judgment debt of \$53,162.89 against Randolph, in four equal annual installments of \$13,290.72 each, by the assignment of bonds to the United States secured by real estate, beginning January 1, 1807, the interest should be computed on the several installments in the manner already shown, and the actual face amount of the bonds assigned credited, *not* the moneys derived therefrom. The Government took these bonds for better or worse in discharge of Randolph's liability assumed by Nicholas. It follows that the amounts received in payment of these bonds, or from lands sold on account thereof, are moneys of the Government, foreign to the proper settlement of the Randolph-Nicholas account, which was really paid in bonds and not in money. The continuance of Randolph's name on the Treasury books misled blundering accountants into the notion that the Government, in realizing its bonds, was pursuing him. The scores of mortgages were personified as Randolph. Aided by incredible mistakes, the myth, despite the effort of Guthrie to arrest it, has grown to its present proportions, and Randolph, who paid and overpaid the claim of the Government, at cost of all his possessions, is, by a trick of words, impaled on the pen of a blundering accountant as a defaulter.

It may be that in the coming year some Senator may recall the fact that when, just a century before, the fate of the Constitution was trembling in the balance, its ratification was secured mainly by a Governor of Virginia, and may consider that the centennial of that event should not pass without leaving the name of that Governor, Edmund Randolph, free from this persistent and purely fictitious libel.—*Moncure D. Conway in New York Evening Post.*

NEW LAND SUPPLY.

Mr. Morton Frewen, of London, urges that American stock raisers, who are beginning to find land growing scarce, be invited to emigrate to the province of British Columbia, where, he says, there are ample pasturages for vast herds. It is curious to find Mr. Frewen arguing that cold winters are not responsible for the mortality among cattle recently observed in the United States, but that, rather, the trouble is with the overcrowding of the ranges. We fancy that the cattle owners of the United States who have seen their stock frozen to death on the plains during recent winters will consider sometime before turning away from the warm pasturages and open winters which northern Mexico offers and going to the bleak country north of Washington Territory. Mr. Frewen has one idea with which we can agree, and that is that more attention will hereafter be given to careful breeding. The tendency towards the improvement of the herds by the introduction of thoroughbred cattle is observable not only in the United States, but in this country. All through the northern tier of States the hacendados are importing thoroughbreds, some stock raisers sending as far as Canada for their bulls. Unquestionably the wretched beef supply of this capital indicates the necessity of giving more attention to cattle breeding in central and southern Mexico.

THE BANK OF FRANCE.

Next to the Bank of England the Bank of France is the largest and most important of all the other banks in Europe. Occupying very nearly the same position in France as the Bank of England does in this country, it is in many respects similar, and performs for the country the same kind of duties. The public moneys are deposited with the Bank of France; it alone has the sole right of issuing notes in that country. (This is what Sir Robert Peel would have attached to the privileges of the Bank of England, if he had been able; but usage and vested interests were too powerful.) Its capital is possessed by a proprietary whose liabilities are of a similar nature to those of any other banking institution. It opens accounts with properly introduced persons, and keeps in its coffers the metallic reserves.

Having mentioned these analogies between these two great banks, there are points where their conduct diverges. The transactions of the Bank of England are on a larger scale, owing to the larger mercantile operations in that country. The commercial habits of the French are plainly indicated in the class of bill business which their chief bank undertakes. During the whole of last year it discounted no fewer than 1,590,839 bills under £4, most of them payable at private addresses. It is an unusual thing for an English banker to take a bill under £10, and he will require satisfactory reasons for discounting bills payable at private addresses. It is presumed here that in such a case the acceptor cannot be a substantial man, or he would have a banker.

Another point of divergence, again, is in the government of the bank, wherein the French have shown their belief in the efficiency and effectiveness of Government control. Our own Government cannot in any way interfere with the operations of the Bank of England, except in respect of its note issue. The French Bank is presided over by a Governor, appointed by the Government, who also appoints the two Deputy Governors. The three highest offices are thus held by Government men; and the office of the Governor is held for life. It is his duty to see that the obligations imposed upon the bank by the Government are in all respects carried out and to act as the connecting link between it and Government. In addition to Governor and two Deputy Governors, the General Assembly, consisting of 200 of the largest shareholders, elect the General Council, which is made up of fifteen Regents and three Censors. The manufacturing and trading interests are supposed to be duly represented in the Council, for five of the Regents must be chosen from each of these bodies. There is yet another committee of twelve persons, who must be shareholders carrying on business in Paris, appointed by the Censors. This committee has the responsibility of examining and passing all the bills taken for discount.

The bank was established in 1803 by the Emperor Napoleon Bonaparte. Its constitution has been slightly modified from time to time, as circumstances have required. It has been successfully and prudently managed, though there have been times when its existence has been threatened. In 1848, during the revolution, it made large advances to the Government and to the City of Paris, which, combined with a severe drain on its gold, strained its resources to so great an extent that it was compelled to suspend specie payments. To lessen the evil of this measure and limit the inconvenience arising therefrom, its notes were made and have continued to be legal tender.

THE ROTHSCHILDS.

A book has been written about this famous family which was noticed in the last number of the magazine. The founder of the house, says the *Cincinnati Commercial Gazette*, from which the following account is taken, was Mayer Amschel Rothschild, who was born in the Jewish quarter of Frankfort, in 1755. His parents, people of small means, trained him to be a rabbi, but his fellow-Jews of Frankfort were intensely devoted to money-making, and Amschel preferred business to theology. At college his favorite amusement was dabbling in numismatics. On reaching the age of twelve he was behind the counter of a Hanover banker named Oppenheim. He saved every cent possible, and in due time became a partner in the bank. Then he set up for himself, dealing chiefly in old coin and bullion. Profits were small at first, but his energy was untiring, and his honesty was noted. At length he was recommended to the Landgrave of Hesse, who had a private fortune of thirty-six million thalers, and needed a financial agent. The Landgrave made the appointment, and had no occasion to regret it. He had been selling the services of his soldiers to England and Prussia, and thus, in 1806, drew upon himself the wrath of Napoleon. The French troops pillaged Frankfort, Rothschild's houses among the rest. But the Jew banker had buried the Landgrave's millions in his garden and cellar, and saved them. The use of this capital made Rothschild a man of importance to borrowing nations. The Landgrave's money was in English funds, considered at that time the only safe investment. The agency eventually passed to Amschel's third son, Nathan, in London, who was allowed to sell out and invest the stocks confided to him as he pleased. Amschel furnished the money to pay Wellington's army in Spain, and made a million in the transaction. His own first million rapidly multiplied in his hands.

Mayer Amschel died on the 13th of September, 1812, in his sixty-seventh year. With his last breath he enjoined his five sons, who had been summoned to his bedside, to remain faithful to the law of Moses, to continue united to the end, and to undertake nothing without having first consulted their mother—who survived until 1849, reaching the age of ninety-six. "Observe these three points," he said, "and you will soon be rich among the richest, and the world will belong to you." The sons, soon after his death, established a pentarchy. Anselm Mayer retained command of the original house in Frankfort, Solomon went to Vienna, Nathan to London, James to Paris, and Carl to Naples. It was an era in Europe of many wars. The turbulent Bonaparte was practically the Rothschilds' best money-breeder. It took the joint capital, as well as the joint armies, of Europe to put him under. The wealth of the Rothschilds increased with every campaign.

The second period in the firm's history dates from 1812 to 1826. Nathan, who had settled in London, during this time directed their most important transactions, and their business was chiefly the issuing of State loans and the emission of Government funds. This business raised the house to a position of power which no other banking firm has ever attained. Its influence was so great during this period that no war could be undertaken without the assistance of the Rothschilds. They held the money market so entirely in their hands that they could

withhold or procure the necessary funds. This was the period in European history when Government securities began to be negotiable in all the leading continental markets. From this time is dated the beginning of stock gambling, and no parties did more to promote it than the children of the original Rothschild.

The third period in the firm's history is reckoned from 1830 to the present time. A little earlier, in the year 1825, the speculative mania reached a crisis in England, and the Bank of England was only saved from suspension by the loyal support of Nathan Rothschild, who placed his fortune at its disposal. In the year 1830 was another trying time, when the Rothschilds again rendered special services to England. In 1848 the French Government broke away from the dictatorial terms of the German bankers, and their supremacy in the great financial markets of Europe was destroyed. Since that time the great firm has pursued a different policy. They have given their attention to the formation of railway, mining and other industrial enterprises. This has forced them to take a place on the level with other great banking houses, but nothing has impaired their ability to cope with colossal enterprises or restrained them from the occasional diversions which go with their historical fame. It was their money loaned to the British Government which secured the control of the Suez Canal to the English, and there is no great enterprise going on in any part of the civilized world in which they have not some sort of investment to-day.

Nothing was more simple than the way in which they won their enormous profits. They would issue a loan at a certain price, perhaps already 2 or 3 per cent. above the contract price. This was a handsome profit to start with. Then they manipulated the Stock Exchange by buying, selling and reselling the same stocks continuously, until the profits reached an enormous figure. They used every device to manipulate the money markets, and usually obtained important news in advance of the governments interested. The brothers worked together; they were known to be masters of the financial situations, and they had the prestige of unbroken success. There is but one power in Europe, said the French writer Weill, and that is Rothschild. His satellites are a dozen other banking firms; his soldiers, his squires, all respectable men of business and merchants, and his sword is speculation. Rothschild is a consequence that was bound to appear, and if it had not been a Rothschild, it would have been some one else. He is a primary consequence, called into existence by the principles which have guided the European States since 1813. Rothschild had need of the States to become a Rothschild, while the States on their side required a Rothschild.

Nathan, the brother who settled in England, was the principal leader of the house after the decease of Mayer Amschel. Anselm Mayer, who remained at Frankfort, concentrated his whole strength in business, but his English brother was a greater financier, a greater speculator and manipulator, and, although self-taught, of more solid and useful acquirements. He was the first to give the firm its cosmopolitan character. He served all the governments of Europe in turn, and gained for his family a reputation and consideration such as no other firm has ever enjoyed. His choice of London as the best opening of a branch business of the house is a convincing proof of the natural shrewdness of the man. His speculations were so bold that when he had won the heart of the daughter of a wealthy London Jew, her father prudently asked for some proof of his reputed wealth. Nathan replied that as far as wealth and good character went, he could not do better than give him all his

daughters in marriage. On one occasion he forced even the Bank of England to confess that it was no match for the finesse of the great financier. Rothschild required a certain amount of bullion for an operation which he had in hand. It was loaned on condition that it should be returned on a certain day. Rothschild appeared on the appointed day and produced a bundle of notes for the amount. The directors reminded him that they had touched their reserve in order to oblige him. "Very well," he is reported to have said, "return me my notes, I dare say your cashier will honor them with gold from your vaults, and then I can return your bullion." This story is characteristic of the man. Nathan attributed much of his success to the observance of two maxims. One was this: "I was an off-hand man; I made a bargain at once." Another was this: "I have seen many clever men, very clever men, who had not shoes to their feet. I never act with them. Their advice sounds very well, but fate is against them."

When Nathan was near his end a guest said to him: "I hope that your children are not too fond of money and business to the exclusion of more important things. I am sure you would not wish that?" "I am sure I should wish that," was the reply. "I wish them to give mind, soul, heart and body—everything to business. That is the way to be happy. It requires a great deal of boldness and a great deal of caution to make a great fortune, and when you have got it, you require ten times as much wit to keep it."

Nathan Mayer died in 1836. The son who succeeded him in the management of the business in England was Lionel, who inherited his father's capacity for financial affairs. There was a long struggle in the English Parliament over his unwillingness to assent to take the Christian oath required for qualification as a member, but he was finally allowed to take it as a Jew on the Old Testament. He was a great sufferer from rheumatic gout, brought on by exposure on the hunting field. Between the pains of his limbs and the distractions of his business his temper often gave way, but his natural disposition was kind and benevolent. He died in 1879, but his infirmities did not prevent his attention to business up to the last hour of his life. The destinies of the firm since the death of Baron Lionel have rested in the hands of his three sons, of whom Sir Nathaniel, the present Lord Rothschild, is in reality the ruler of the fortunes of the London firm. The entire family is still united in its business interests, though one of the daughters is married to a Christian nobleman, and their well-known caution still rules the dealings of the house. Baron Alphonse, eldest son of Baron James, is now at the head of the Paris establishment. The Baron James, youngest of the five sons of the founder, outlived his brothers, dying in 1868. The Naples establishment has since ceased to exist.

ECONOMIC NOTES.

GOLD DISCOVERY ON ALASKA ISLANDS.

Samples of ore from a new mining discovery in Alaska are on exhibition at the office of George W. Sessions, in Nevada block. The new mines are on Ounga island, one of the Choumagin group, 100 miles west of Sitka, 200 miles east of Unalaska, and 1,200 miles north of San Francisco. The island is near the southwestern shore of the Alaskan peninsula. It is about fourteen miles long and six wide. George C. King, who went there for the Sitka Mining and Commercial Company last summer to look for coal and copper found the ledge in September. In December another expedition of the same company went up and made more careful investigation. The result was that early in April another expedition, with a number of miners, a five stamp mill, and supplies, landed on the island.

Active work was begun on the ledge. It has been traced for some 10,000 feet. It was found that the porphyry hanging wall on the east was 200 feet from the outcrop, the granite foot wall on the west was 800 feet from the outcrop, and the outcrop was at no point less than 100 feet in width.

To determine the value of the rock in the ledge, two crosscuts were started—one from the east side and one from the west—at a vertical depth of 50 feet. The crosscut from the west, at a distance of 20 feet, struck a body of galena ore, which was from two to four feet thick in the bottom of the cut, the day before Mr. Sessions left for home. The assays were from \$5 to \$200 in gold and silver, and the ore also carried from 70 to 80 per cent galena, which alone, at present quotations, is worth \$80 per ton.

It will be remembered that the big mine of Alaska, known as the Treadwell, is on an island—Douglass—and there are plenty more islands to prospect. This new discovery will doubtless cause a more vigorous prospecting on the islands as well as mainland of Alaska. A mining district has been formed on Ounga Island, where the big ledge has been discovered.—*Min. and Sci. Press.*

KRUPP AS AN EMPLOYER.

Gunmaker Krupp's labors in behalf of his workmen have endeared him to thousands. More than twenty years ago he began to build good dwelling houses for his men. He built about 150 at first. Year after year they have been added to, and now there are more than four thousand of these family dwellings, in which over sixteen thousand persons live. The annual rent is \$16 to \$45, deducted from the wages of the employes. Then there have been boarding-houses erected for unmarried laborers, about two thousand being thus accommodated. The cost per man is 20 cents a day. There are superior boarding-houses for the skilled workmen, and in these the rent is twenty-seven cents per day. The most important institution of all is the supply store. Here everything is sold at cost. There is a great central building, and connected with it are twenty or more shops. Everything is on a rigid cash system; and nearly all the articles desired by a family or individual may be bought—clothing, groceries and utensils. There is also a brewery which dispenses beer at cost price. It is usual for the employe to get from

his foreman tickets entitling him to so much bread or beer, and he is charged with them, the amount being deducted from his wages. Every day is pay day at the works, the men in one department being paid to-day, for instance, and those in another department to-morrow. Besides all this, Krupp erected two hospitals, a non-sectarian free school, six industrial schools, one for adults, and two for females, the fee being 50 cents a month, from which the poor are relieved. Then, too, he built several churches. And there is also a sick and pensions fund, of which every foreman and workman is required to be a member. Each contributes half a day's pay as entrance fee, and an annual fee apportioned to his wages. Physicians and surgeons are employed on salaries, and for an additional fee of \$1 the workman may secure free medical treatment for his wife and children. Pensions are paid to men permanently disabled in the works. The highest pension is \$25 a month, the average being \$14. The average pension given widows is \$8.50 a month. Krupp also secured at low rates arrangements with a number of life insurance companies for the benefit of his men.

BRAZIL'S SUGAR INDUSTRY.

The sugar merchants of Rio Janeiro recently held a meeting at which there was reached an exposition of the state of the sugar trade. It seems that in some of the most important sugar districts of the empire the planters receive for their raw sugar only from one to two cents a pound, and that the country is seriously threatened with the total ruin of its sugar industry. It was resolved to organize an association, defend the important interests in jeopardy, and one of the articles of the programme of this association favors the policy of negotiating commercial treaties with sugar-consuming countries, and especially a treaty of reciprocity with the United States, for the purpose of increasing the consumption of Brazilian sugar amongst its population, since that republic is in a position to become the principal sugar market of the world. Brazil at present exports annually from 200,000 to 300,000 tons of sugar, corresponding to about one-fourth of the quantity consumed in the United States. It preserves vast tracts of land admirably adapted to cane culture, so that with remunerative prices and an adequate supply of labor it could easily furnish all the sugar needed for our consumption, beyond what is produced on our own soil, as it already supplies us with the greater part of the coffee which we consume. And, although the balance of trade is now largely against us and the increased consumption of Brazilian sugar would greatly augment the amount of our importations from Brazil, there can be no doubt of our ability to ship to that country merchandise at least equal in value to that which we would receive therefrom, if the Brazilian Government, to save its sugar industry from ruin, should admit our products on terms that will enable us to undersell our European competitors. A commercial treaty, properly framed, would permit us to accomplish immediately that which must otherwise be the result of many years of toilsome and unremitting labor.—*Boston Transcript*.

EXCESSIVE COMPETITION.

While a fair amount of competition is a good thing, there are plenty of examples to show that too much competition is likely to raise rather than lower prices; to deteriorate rather than improve quality. When one railroad is sufficient for all the business offered, the second road may cheapen the price for carrying for a time, but eventually there will almost inevitably be consolidation, or such an arrangement as will per-

mit increase of prices beyond the original tariff. The reason is plain enough. By the construction of the second road twice as much money as is necessary to do the business is invested, the running expenses are nearly doubled, and with the roads it is a question of getting extravagant rates or losing money. Then again we have the modern "trust," about which no one seems to know anything in particular except that it is something devised to avoid responsibility and raise prices. When competition gets sharp in some of the great branches of industry the "trust" offers means of controlling prices and effectually preventing further competition. There is as much danger, in many things, from too much as from too little competition. Broadly speaking, it is unfortunate for the whole people of the country when competition reduces the price of any manufactured article below that which permits the manufacturer to pay liberal wages and make a fair profit, always supposing him to use the best means at hand in conducting his business.—*American Machinist*.

ENGLISH REVENUE STATISTICS.

Two sides of English social life are strangely contrasted in the contributions to the public purse for the financial year ended the 31st of March last. A sum of £178,403 was contributed by persons, presumably of sound physical constitution, to entitle them "to kill game," and a nearly similar amount, or £179,071, was contributed by manufacturers of patent medicines seeking to cure ailing humanity. The statistics to hand in connection with the latter source of public revenue are peculiarly interesting as indicating the utility of a colossal system of advertising, as well as the increasing number of persons suffering from temporary or chronic illness who are prepared to accept the assurances of patent medicine manufacturers that their wares possess the qualities attributed to them. In 1865 the total number of patent medicine labels issued by the excise authorities was 7,074,668, and the receipts £55,333. Ten years later the number of labels had increased to 14,824,173, and the receipts to £114,323, while last year the number of labels was yet higher at 21,468,718. The percentage of increase in the first period of eleven years (1865-75) was 109.54 for labels and 106.61 for duty; in the second period, it was 35.25 and 45.43 respectively. Though the quantity of patent medicines placed upon the market did not increase in as large a proportion between 1876-86 as between 1865-75, the public demand appears to be more general from the fact that the number of vendors increased by 35 per cent. during the recent, as against 26 per cent. in the earlier period. As the label duty is equivalent to one-eighth of the value of the article stamped, we have a ready means of ascertaining the approximate annual expenditure of the population of the British islands for patent medicines. Within twenty-one years it has risen from £497,997 to £1,611,639.—*The Beacon*.

COMPENSATION FOR INJURIES TO WORKMEN.

At a recent meeting in Berlin of surgeons attached to railway workshops, a scale of unfitness for work was drawn up. A standard of 100 per cent. was agreed to as representing the loss of both eyes, both arms or hands, both legs or feet, and one arm or hand, and one foot. The remaining possible injuries were classified as follows:—Right hand, 60 per cent.; one foot, 50 per cent.; left hand, 40 per cent.; right thumb, 33½ per cent.; one eye, 22 per cent.; left thumb, 14 per cent.; first finger of right hand, 14 per cent.; first finger of left hand, 8 per cent.; any other finger of right hand, 6 per cent.; any other finger of left hand, 4 per cent. It is remarked by the *Colorist*, of Vienna, that the valuation of the right thumb at 11½ per cent. more than one eye is curious.

EAST INDIA RAILWAYS—OPERATIONS LAST YEAR.

The last annual preliminary report on Indian railways shows that during the year 1886 the various lines continued to enjoy the prosperous career which has now for some years marked their progress. Excluding indirect charges, they yielded 5.90 per cent. on capital, against 5.84 the previous twelve months. The mileage open for traffic now amounts to 13,390 $\frac{1}{4}$ miles, of which 1,025 $\frac{1}{4}$ miles were constructed during the year under review. The outlay on Indian railways has reached more than 178 millions sterling. Last year the lines carried 88,436,318 passengers, as compared with 80,864,779 in 1885 and nearly 74,000,000 in 1884; while the merchandise traffic amounted to 19,576,365 tons, in comparison with 18,925,385 tons in 1885 and 16,500,000 tons in the preceding twelve months. Of the gross receipts, 579 lakhs were earned by the coaching traffic and 1,238 lakhs by the goods traffic. The greater portion of the passenger traffic consists of third-class passengers; indeed, they constitute 97.21 per cent. of the whole number carried; second-class passengers were 2.35 per cent. and first-class only 0.44 per cent. of the total. The employes on Indian railways number an army of 219,672 persons, of whom 4,460, are Europeans, 4,830 Eurasians and 210,382 natives.

EXTENSION OF A PATENT.

The Commissioner of Patents has directed that the patent for a certain fluting machine be extended seven years from June 1, 1883. This will be the first case in ten years in which an extension of a patent has been granted. The last case was in 1877, when the patent on wood pulp was extended for seven years, making the total life of the patent 24 years. This extension of the life of a patent was at that time condemned by popular opinion, and for that reason no enabling acts of this character have been adopted by Congress. Up to 1874 the power of extending the time of a patent was vested in the Commissioner of Patents, but then it was assumed by Congress. From 1873 to 1877 there were 354 extensions granted, but the bulk of these was in the first two years, when the Commissioner of Patents had the authority to extend the time. In 1875 there were only 40 extensions granted, and in 1876 and 1877 three each. This particular reissue was made upon authority of an act of Congress which became a law August 4, 1886, and authorized the Commissioner of Patents to take testimony in regard to this particular patent, and if, upon the evidence placed before him, he should conclude that the petitioner had not been compensated for the time and ingenuity spent in perfecting the patent the Commissioner shall have authority to extend it for seven years, beginning with June 1, 1883. The Commissioner has taken the testimony as directed by the law, and has decided upon the reissue of the patent.

TERMS OF CREDIT IN DIFFERENT COUNTRIES.

The following data regarding the terms of credit allowed in various countries are derived from reports of United States consuls published by the Government: It appears that in Germany the credit system is very widespread, and that the time allowed purchasers to settle their accounts is generally much longer than in France and England. Nearly every commercial and manufacturing branch of business has its own particular terms of credit, and there is no uniformity in this respect.

In England, a payment of the price of the goods delivered is required at the end of three months, dating from the day of shipment. In France, a four-months' acceptance is required to be sent in settlement of the invoice. In Italy, but little credit business is done, and none

without good security being given. In Spain, four-fifths of the transactions are done on a cash basis, while in Portugal great liberality is shown, and quite a long credit is usually allowed. In Austria, it is scarcely possible to do business without allowing a very long credit, which is nearly always one of six months. In Turkey, even objects of prime necessity are sold on credit, and in this country, as well as in Russia, the time allowed is in most cases twelve months. In Canada, settlements are made at the end of thirty days, with a discount of five per cent. Sometimes a credit of from three to six months is allowed, but in this case there is no discount granted upon payment of the account.

In Mexico, the large commercial houses willingly give credit of from six to eight months, and in the retail trade long terms are given customers in which to settle their accounts. In Costa Rica, a credit of from six to twelve months is given in case of merchandise imported from Europe, in order that the goods may be easily and quickly disposed of. But since this system of credit has often led to losses, it is now being given up. In Cuba, the time fixed for payment is generally from four to five months after delivery of the goods.

The consul general of the United States at Rio states that one of the greatest drawbacks to commercial intercourse with Brazil resides in the necessity of allowing too long a credit. At Rio Janeiro, as at Buenos Ayres, the minimum credit is six months, and often more. In the Bermudas, accounts are settled but once a year. The 30th of June is the day usually fixed for the payments. In Asia Minor, a credit of but two or three weeks is in most cases all that is allowed. In China it is not customary to give credit. Money is obtained from lenders, who exact an interest of from 8 to 12 per cent. Business is nearly always conducted upon a cash basis. In Australia, a credit of six months is generally allowed.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

POWER OF NATIONAL BANKS TO BUY RAILROAD BONDS.

Is a national bank authorized by the National Banking Act to invest in railroad bonds secured by mortgage or otherwise?

REPLY.—This is an important question, and as we have been informed that a contrary opinion has, at one time at least, prevailed in the office of the Comptroller of the Currency, we have given it some consideration. And we think that under the Banking Act, as now administered, a national bank is authorized to invest its funds in the bonds of railroads and other business corporations, whether secured by mortgage or not.

The Act says (*R. S.* § 5,136, *Cl.* 7) that national banks shall have "all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of

exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange coin and bullion; by loaning money on personal security, etc., etc."

Mr. Justice Matthews, in giving the opinion of the Supreme Court in the recent case of *The Mercantile National Bank v. New York*, 121 U. S. 156, also in last May number of this magazine, p. 846, includes in his enumeration of the powers of a national bank, that of "negotiating loans and dealing in negotiable securities issued by the government, state, and national and municipal and other corporations"; and although the statement quoted was a dictum, not, perhaps, necessary for the decision of the case before the Court, we have little doubt that the opinion thus expressed will be followed when the point actually arises for decision.

The Act says that a bank may discount evidences of debt. That a railroad bond is an evidence of debt is beyond controversy; and notwithstanding some narrow decisions which have been made to the contrary, it is now settled, according to the best authorities, that to "discount" includes within its meaning the words "purchase" and "buy." (*Atlantic State Bank v. Savery*, 82 N. Y., 291; *Smith v. Exchange Bank*, 26 Ohio, 141; *First National Bank v. Sherburne*, 14 Brad. (Ills.), 566; *First National Bank v. Harris*, 108 Mass., 514; *BANKER'S MAGAZINE*, Aug., 1887, p. 107.)

A national bank is also empowered to loan money on "personal security." That a railroad bond is personal security within the meaning of the Act is well settled. (See authorities cited in *BANKER'S MAGAZINE*, *supra*, p. 111, also *Town of Lyons v. Lyons National Bank*, 19 Blatchford, 289.) In the case last cited the title of a bank to certain coupons, from bonds issued by a town in aid of a railroad, was brought in question, and the Court said the bank might acquire title to them under the Act "by discounting them, or by loaning money on them as personal security, they being personal security."

The fact that railroad bonds are usually secured by a trust mortgage plainly does not bring them within the prohibition in the Act against taking mortgages of real estate; and it seems to us that this is one of the points upon which the Act ought to be liberally construed, in accordance with the general current of the best authorities. Considering the enormous quantity of railroad bonds in existence, and the immense and steady market therefor, there appears to be no reason why the national banks should not be permitted to deal in them as they may in Government bonds, the right to do which has never been doubted.

BANKING AND FINANCIAL ITEMS.

PREPAYMENT OF INTEREST.—Secretary Fairchild's attention has been called to the fact that a misunderstanding prevails among holders of United States bonds in regard to the terms upon which they can obtain prepayment of interest under the provisions of the circular of Aug. 3, 1887. He has stated that the rebate of 2 per cent. provided in the circular is computed upon the amount of interest to be prepaid, and not upon the principal of the bond. As an illustration, he said the holder of \$100,000 4½ per cent. making application to day (Aug. 18) for prepayment of interest would receive a check for \$2,242.90, based upon the following computation: Two quarters' interest, \$2,250; rebate at 2 per cent. for twelve days on \$1125.74, and for one quarter and twelve days on the remainder, \$6.36; total rebate, \$7.10; total \$2,242.90. Applications were received at the Treasury Department Thursday for prepayment of interest on bonds amounting to \$2,828,300, making the total to date \$65,610,450.

SOMERSET, KY.—The Directors of the new bank recently organized at that place, with \$75,000 capital, have elected the following officers: S. A. Newell, president; G. P. Sallee, vice president, Ike Phillips, cashier; John Inman, teller. The bank will be in operation October 1. It will be styled the People's Bank.

LUTHER BODMAN, president of the Hampshire County Bank of Northampton and well known throughout the Connecticut Valley as a banking man, and from his position as president of the Smith charities, and who died on the 16th of August, was born at Williamsburg, Dec. 11, 1814. He spent his boyhood there, entering a country store as clerk when he was nineteen years old. He went into business for himself at Charlemont when twenty-three years old, and went West five years later, remaining there twelve years, engaged in trading in wool and similar commodities. He was successful, and was able to give up his business in 1854, after investing in a large Illinois farm. He then came East, and was invited to assist in organizing a bank at Conway. He was elected president of the institution, which position he held until 1864. He then resigned to accept the presidency of the Hampshire County Bank, just organized at Northampton, and held that position till his death.

A WOMAN STOCKHOLDER.—Sarah S. Beecher is one of the seven shareholders in the Northwestern National Bank, where each share of stock is worth \$700, says the *Chicago Herald*. The entire stock of the Northwestern is held practically by two millionaires, George Sturges, the president, and Buckingham, a director. There are only 80 shares held outside of these two men, and Sarah S. Beecher, of Hillsboro, owns just half of these. The other 40 shares are held by representatives of very heavy deposit accounts, Comptroller Kirkman of the Northwestern road holding 10. Sarah S. Beecher was a very early stockholder, probably one of the original ones, and she got her 40 shares for \$4,000. For many years, as far back, an old employe of the bank says, as the 70's, the men active in the management tried to pick up all their floating stock. Their motive was a double one. They knew the value of the certificates better than anybody else, and that they were a good purchase. The Northwestern Bank has, besides, always been a very close corporation, which made money rapidly in an occult way in connection with grain insurance; and it was safer, a good deal, to have this money-making secret kept in very few hands. But neither President George Sturges, who owns 2,200 of the 2,500 stock, nor anybody else, could ever get the Beecher stock. She can sell it now if she wants to for \$28,000; and all these years she has averaged 40 per cent. dividends on it. The list of the shareholders of the Northwestern ten years ago, including Sarah Beecher, comprised 50 people. Five years ago there were only 20 people in the list. To-day there are only seven people, and really only five. Buckingham has part of his stock in his wife's name, and George Sturges has some of his in the name of a relative.

EMIL SCHOENBERG, the Philadelphia forger who is missing, leaves debts aggregating \$300,000.

THE BANK OF NEW AMSTERDAM, of New York City, will open on the 15th of September, under the presidency of Thomas C. Acton, the former United States Treasurer for New York. His unquestioned ability and sterling character well fit him for the position; and the institution is sure to receive the strong confidence of the people. The vice-president is Frank Tilford, and William H. Mellins has been chosen cashier. Mr Mellins has been connected for many years with the banks of New York in various capacities. He resigned the position of Assistant National Bank Examiner to accept the position of cashier of this bank.

A BANK DEFAULTER'S CONFESSION.—Richard Seaman Scott, the paying teller of the Manhattan Bank of New York, who absconded in 1885 with \$160,000 of the bank's funds, and has since been in hiding, recently made a confession to Consul-General Waller, of London. He implicates John R. Dunn, his wife's cousin and a stock broker in New York city, in his rascality, and Dunn has been arrested on a suit to recover \$140,000. According to Scott's story he was for twenty years a trusted employe of the bank, latterly handling over \$1,000,000 a day. To June 1, 1885, he had abstracted various small sums aggregating \$10,000, and lost them in speculation. About this time there was a change in the bank's administration, and fearing detection, Scott went to Dunn, then a lawyer, for advice. Dunn advised him to steal \$1,000,000 and decamp. "It will be enough to cripple the bank," said Dunn, "and will enable you to go to Canada. If you take a small amount people will laugh at you, but if you take a large amount people will say you are smart, and you will compel the bank to compromise." Dunn instructed him in regard to the laws of extradition, telling him that if he had not altered the books he could not be extradited from Canada. This Scott had not done. Dunn advised Scott to get an old suit of clothing, shave off his moustache, travel second class to Canada, disguise himself as much as possible, and do as little talking as possible. He advised Scott not to write to either himself or any friends in New York in the common way, because detectives often caught people by watching their correspondence. He also advised him to address him as "W. M. Culverson, box No. 1,061, New York Post Office." When Scott went to the bank the next day he took \$300,000 in gold and silver certificates of the denomination of \$5,000, \$1,000 and \$500, and placed them in a package which he concealed about his person. He met Dunn at Central Park and they went to a secluded spot and talked. Dunn asked him if he had any friend with whom to leave the money, telling him that under international treaties if he carried any stolen property into Canada he could be arrested and extradited. Scott said that he had no one. "Then," said Dunn, "I feel so warm a regard for cousin Lizzie (Scott's wife), that I would do for you what I would do for no other person on earth, take charge of that package, the contents of which I need not know, and take care of it, subject to your order at all times." He explained that if he took the money, knowing that it belonged to the bank, it would make him liable to felony. Scott the next day replaced the \$300,000, determined to make an effort to borrow enough money to make up the deficiency of \$10,000. He failed to get the money, and determined to abscond. He concluded to only take \$150,000, however, and save the clerks in the bank from having their salaries reduced to meet the deficiency, as he had read had been done in the case of the Park Bank. The money he divided into two packages of \$140,000 and \$10,000. The larger package he gave to Dunn, and the same night, after assuming a disguise, he started for Canada. From Canada he went to London in September, 1885, and the following May his wife joined him. He corresponded with Dunn, and received money from him at various times, the whole amounting to \$20,000. In December Scott says he had arranged a compromise with the bank, and was to pay \$60,000 for a full release. He wrote to Dunn to get ready to pay that sum, when Dunn replied that he had lost the money in grain and stock speculation. Scott did not believe this story, and made a clean breast of his crime to Consul-General Waller. Dunn was arrested Monday afternoon while standing at the ticker in his office, and in default of \$150,000 bail went to jail. He is thirty-eight years old, a bachelor, and lived in Brooklyn. He will be indicted. There is an indictment against Scott, but he cannot be extradited. He is forty-two years old.

FORT WORTH, TEXAS.—The debt of the Merchants' National Bank of that place against Curtis & Atkinson and W. S. Ikard, for \$25,000, so we learn on good authority, is amply secured. Besides other security, the bank has the first attachment on all their property, and will doubtless get the entire debt and interest and cost.

DANIEL SPRAKER, president of the Mohawk River Bank at Fonda, N. Y., is probably the oldest bank president in the country. He has held his present position since the bank was founded, in 1835. He is now ninety years of age. He has been blind and deaf for some years, but has attended to his duties at the bank until within a short period.

A PAYING PENNY BANK.—The twelfth annual report of the National Penny Bank, to Dec. 31, 1886, states that after providing for expenses a balance remains of £254 8s. 6d. The amount at the disposal of the bank is therefore sufficient to enable the payment of a dividend of 1¼ per cent., but the committee recommend that the question of paying a dividend be left over for this year, and that the amount of balance be carried forward. This result, although small, is the beginning of what the committee have always felt would ultimately result—namely, the establishment of a penny bank on such a basis that a dividend would be secured for the capital engaged.—*Pall Mall Gazette*.

SMALL BILLS.—A Chicago national bank, in reply to an application to the United States Treasurer for \$1 and \$2 silver certificates, has received the following reply: On account of the unusual demand for these notes prior to the close of the last fiscal year, June 30, 1887, the supply became exhausted. Under the appropriation available for the current year they are being rapidly prepared by the department, and when a sufficient supply has accumulated to warrant their general distribution you will be so advised through the press and by the Chicago office. They can only be obtained at present in return for mutilated ones and twos, legals, forwarded for redemption.

HENRY M. KNOX, the highly efficient superintendent of banks in Minnesota, has just issued the Banking Laws enacted by the last Legislature of that State, and also forms and instructions for the organization of State banks. His "Cautions" to those who may be for the first time embarking in the business of banking are worth reproducing here. A word of caution may not be out of place to those who may be for the first time embarking in the business of banking. 1. The order of nature is *growth*, and no growth is healthful that is not *gradual*. Serious errors are more common during the first week of a bank's existence, when a large amount of capital is to be made productive, than in years of its future history. Loans placed in large sums at that time as a temporary arrangement merely until something better offers, often prove to be permanent and unprofitable investments. Patience and careful scrutiny is better than haste to acquire at any risk of loss. 2. A proper and wide distribution of loans is always desirable. This is the province of a bank—to foster and build up all branches of legitimate business in the community—but not at its own expense. Our best banks seldom reach the 15 per cent. limit of Sec. 47, and they find their *sure advantage in it in the long run*. 3. All damaging losses to banks are incurred upon their "A 1" paper. No paper is too good to be secured. 4. Directors and stockholders are *prima facie* *loaners*, and not *borrowers* of money. They should be modest in their demands until others are served. Then if their standing and business arrangements warrant, they may be treated with under the same rules as are others. 5. Speculative loans are *always* to be avoided. 6. Pretense and extravagance are ridiculous and unprofitable, and especially in the banking business. Capital tied up in a showy building or in one out of proportion to the bank's means is often ruinous. In this growing part of the land, centers of population and of business often change, building is sometimes overdone, rents decrease, profit ceases, loss is inevitable. 7. Banks are educators in a community. If they *expect* prompt dealing they will usually secure it. In that case suspended paper, "cash items" that are not cash, and overdrawn accounts will be at the minimum. 8. "No expectation of forbearance or indulgence should be encouraged. Favor and benevolence are not the attributes of good banking. Strict justice and the rigid performance of contracts are its proper foundation."

THE NATIONAL BANK OF THE REPUBLIC OF NEW YORK.—Elsewhere will be found an interesting statement of the condition of this institution. Under Mr. Knox's wise management it shows every mark of solid growth.

AT A MEETING OF THE HOMESTEAD CO-OPERATIVE BANK, of Boston, on the 10th of August, Joseph S. Ropes was nominated for president; for vice president, H. Thomas Elder; for secretary and treasurer, D. Eldredge. The sum of \$5,000 was sold at fair rates. A new series of shares was opened, and every share was sold.

NEW YORK BANK CONSOLIDATION.—At a stockholders' meeting of the Market National Bank the directors were authorized to increase the capital stock from \$500,000 to \$800,000 and to change the name of the institution to the Market and Fulton National Bank, but neither of these things will be done until the stockholders of the Fulton National Bank have taken similar action necessary to a consolidation of the business of the two banks. The Fulton has a capital of \$300,000 and a surplus of \$240,000. The surplus of the Market Bank is \$425,000, both institutions having about the same proportion of surplus to capital. If the consolidation is carried out, as it undoubtedly will be, the Fulton stockholders will be given the option of taking the \$300,000 new stock of the consolidated bank.

NEW YORK BANKS.—Mr. Trenholm, Controller of the Currency, has remarked on the promptitude with which the national banks of New York city have responded to his call for a statement of their conditions on the 1st inst. In the ordinary course of mail the notices sent out by him could only have reached the banks at the opening of business hours yesterday, the 3d inst. Before he left his private residence this morning, he received from one leading bank in New York, a full statement in reply, with a private note calling his attention to the postmark, which was "New York, Aug. 3, 1 P. M." On his arrival at the office he found other statements from New York banks awaiting him. No delay in making the returns is anticipated from any banks in the large cities. It is only in the country banks that sluggishness and procrastination prevail, but means will be found to expedite matters even there, so that a complete exhibit of the condition of the national banks of the country can be expected before the end of the month.

AMERICAN SURETY COMPANY.—In a report of the Hon. Noah Davis to the New York Surrogate's Court concerning the financial standing and management of the American Surety Company, he says that as surety in judicial proceedings, it presents a system of security worthy of the confidence of the courts and of the public, and largely superior to that which can be offered by individual sureties. The reasons for these conclusions are the following: 1st. The system and practice of the company present a security based, not only on its capital and assets, but greatly reinforced by the indemnity it receives from persons for whom it becomes surety, and upon which it may rely for its own protection. 2d. This system and practice have been so well conducted by the officers of the company that no ultimate loss has happened in its judicial business in a business of nearly three years upon nearly nine millions of risks. 3d. Because if properly managed the system is sure to afford great protection to the creditors and beneficiaries of estates, and especially to the estates of infants, persons *non-compos*, and married women; and to induce greater integrity and care and attention in the conduct and management of estates by persons holding trust relations to them. The temptation to dishonesty and delay are largely removed by the mode in which securities are kept and by the increased care and surveillance to which they are subjected, to which the supervision, in respect of accounting, adds an additional protection. These things do not exist, or are not usually exerted, by individual sureties, who seldom keep watch of proceedings in such cases. 4th. The system of individual surety is likely to be affected by death, change of residence, insolvency or revulsions of business, and lack of watchfulness, and these things in respect of corporate sureties, are less likely to occur, and especially the last of them, as the business of insuring being the specialty of the corporate body, cannot be made profitable without vigilance and close attention. 5th. The company, in this case, devotes itself to a single line of business, which the statute denominates Fidelity Insurance, and its capital and assets are not exposed to any exterior danger. 6th. The management of the affairs of the company by its officers has been most creditable to their capacity and integrity.

BANKS LOOKING SHARP AFTER BUSINESS.—The Philadelphia *Ledger* says: "Unusual inducements to depositors are being offered by some of the new banks recently opened in this city. They propose to send their clerks to the depositor's place of business to receive deposits and there make entry in the deposit books. They also offer to manufacturers and others who have weekly payrolls, to send to their factories any desired denominations of money and get there the depositor's check for it. This is an advanced step in the business, for, in addition to the usual inducements of liberal discounts and payment of interest on deposits, these new institutions propose a way of doing banking business without going near the bank."

UNCLAIMED SAVINGS BANK DEPOSITS.—The amount of deposits in Connecticut savings banks which have remained without claimants for twenty years is over \$75,000. Of this amount, \$21,000 is held by the Society for Savings in Hartford, \$17,000 by the New London Savings Bank, \$12,500 by the Norwich Savings Bank, \$7,000 by the Bridgeport Savings Bank, \$4,000 by the Middletown, and not far from \$4,000 by the Norwalk Savings Bank. Under the State law an annual report is required from each savings bank in Connecticut, giving the names and amounts due to depositors in cases where the owners have not been heard from for twenty years. A number of the largest depositors are soldiers, who went to the war in 1861 and 1862, and were not heard from afterward.

CINCINNATI.—Suits have been filed by the trustee of E. L. Harper against Wilshire, Eckert & Co. and Joseph W. Wilshire, for the recovery of \$47,500 on protested checks drawn on the First National Bank. The first of these checks was dated September 16, 1886, and was for \$15,000. It was signed by Wilshire, Eckert & Co., and indorsed by J. W. Wilshire; the second was for the same amount, and was drawn September 20; the third, drawn September 24, was for \$10,000; the fourth was drawn September 30, and was for \$7,500. In a second suit against the same defendants, Harper's trustee asks for judgment for \$60,000 on two notes for \$30,000 each, given on November 10 and November 11, 1886. The notes were made payable on demand at the Fidelity Bank.

THE GUARANTY COMPANY OF NORTH AMERICA.—This company has recently issued a circular in which some of its features are set forth and are worthy the attention of our readers: (1) It is the oldest company in America, and transacts the largest business of its kind both in the United States and Canada. (2) It is the only company whose sole business is bonding employees of financial commercial corporations. Its assets are not involved upon any other classes of risk. (3) It does not issue court bonds; thus avoiding the heavy risks upon administrators and other trustees so often assumed; nor does it enter upon contractors' bonds or other risks of an indefinite or speculative nature. (4) It retains no risk exceeding 5 per cent. of its capital, and is thus secure against extraordinary or embarrassing loss. (5) Its Canadian incorporation makes its attributes of special value to institutions in the United States, in view of the frequent flight of defaulters to Canada. This feature has caused many such institutions to effect at least a portion of their bonds with this company for the moral effect upon their employees. (6) Over 700 corporations now guarantee their employees in this company. (6) Its rates are the lowest commensurate with efficient service and security. It does not seek a revenue at "cheap" rates, which might not only impair the ability to pay losses, but must also restrict the service for the prevention of loss. (8) Its assets and resources exceed \$900,000, of which over \$200,000 in U. S. Government bonds, are deposited with the Insurance Department of New York for the special security of all its United States policy holders; and it retains ample balances at its several American branches. (9) It has paid, principally in the United States, over 800 claims, varying from \$10,000 downwards, and amounting in the aggregate to over half a million dollars. (10) It has branch offices in the principal cities of the United States, where its business is under the supervision of local directors of high standing, and experienced managers. (11) It has the records of over 80,000 employees, and facilities for investigation and supervision of risks, and apprehension and punishment of defaulters, which enable it to surround its patrons with safeguards not to be afforded by more recently organized and less experienced companies.

THE PENINSULAR SAVINGS BANK OF DETROIT has been organized with a capital stock of \$250,000. Alexander Chapoton, Jr., has been chosen president, Cornelius Corbett, first vice-president, Joseph Perrien, second vice-president, and Joseph B. Moore, cashier. A large and influential board of directors has also been chosen. The bank will do a commercial as well as savings business, and will open the 15th of September.

Sterling exchange has ranged during August at from $4.83\frac{1}{4}$ @ $4.84\frac{1}{2}$ for bankers' sight, and $4.80\frac{1}{4}$ @ $4.82\frac{3}{4}$ for 60 days. Paris—Francs, $5.23\frac{1}{8}$ @ $5.20\frac{3}{8}$ for sight, and $5.25\frac{5}{8}$ @ $5.23\frac{1}{8}$ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.80 @ $4.80\frac{1}{2}$; bankers' sterling, sight, $4.83\frac{1}{2}$ @ 4.84 . Cable transfers, 4.84 @ $4.84\frac{1}{2}$. Paris—Bankers', 60 days, $5.25\frac{3}{8}$ @ 5.25 ; sight, $5.23\frac{3}{8}$ @ $5.23\frac{1}{8}$. Antwerp—Commercial, 60 days, $5.28\frac{3}{4}$ @ $5.28\frac{1}{8}$. Reichmarks (4)—bankers', 60 days, $94\frac{1}{4}$ @ $94\frac{3}{8}$; sight, $94\frac{3}{8}$ @ $94\frac{3}{4}$. Guilders—bankers', 60 days, $39\frac{3}{4}$ @ $39\frac{1}{4}$; sight, $39\frac{1}{4}$ @ 40 .

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Aug 1.	Aug 8.	Aug 15.	Aug 22.	Aug 29.
Discounts.....	$6\frac{1}{2}$ @ 8 ..	$6\frac{1}{2}$ @ 8 ..	$6\frac{1}{2}$ @ 8 ..	$7\frac{1}{2}$ @ 9 ..	$7\frac{1}{2}$ @ 9 ..
Call Loans.....	6 @ 4 ..	6 @ 4 ..	7 @ $4\frac{1}{2}$..	6 @ $4\frac{1}{2}$..	$5\frac{1}{4}$ @ 3 ..
Treasury balances, coin....	\$135,051,596	\$134,626,875	\$134,664,772	\$134,875,599	\$134,928,610
Do. do. currency..	12,533,411	12,764,775	13,263,695	13,612,448	13,817,047

The reports of the New York Clearing-house returns compare as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus
Aug. 6..	\$356,137,500	\$73,973,600	\$22,754,300	\$359,221,400	\$8,091,700	\$6,922,550
" 13..	352,925,800	70,354,100	22,565,500	352,743,900	8,087,000	4,733,625
" 20..	350,710,700	68,816,900	22,252,500	347,214,900	8,084,200	4,265,675
" 27..	348,435,000	68,693,300	22,543,100	345,482,700	8,073,800	4,865,725

The Boston bank statement is as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Aug. 6.....	\$135,528,700	\$9,138,700	\$2,439,700	\$97,971,400	\$8,840,600
" 13.....	135,557,300	9,168,100	2,380,200	98,897,100	8,840,000
" 20.....	134,703,100	9,145,600	2,157,400	98,764,600	8,840,600
" 27.....	135,035,800	9,492,200	2,219,000	97,152,400	8,850,000

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1887.	Loans.	Reserves.	Deposits.	Circulation.
Aug. 6.....	\$89,052,500	\$22,601,900	\$86,035,700	\$2,280,020
" 13.....	88,807,400	22,350,800	85,262,500	2,296,030
" 20.....	88,408,300	22,165,700	85,332,900	2,303,500
" 27.....	87,952,900	21,938,300	84,233,700	2,290,150

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from August No., page 151.)

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
N. Y. CITY.....		Nat'l Bank of Deposit. . .	
	\$250,000	Lewis E. Ransom, <i>Pr.</i>	Geo. H. Southard, <i>Cas.</i>
" ..		Union Bank.....	
	\$250,000	John W. Kilbreth, <i>Pr.</i>	Walter S. Griffith, <i>Cas.</i>
ALA....	Anniston.....	Bank of Anniston.....	Western National Bank.
" ..	Birmingham ..	Birmingham Savings B'k.	Chemical National Bank.
" ..	Clayton.....	Clayton Banking Co....	National Park Bank.
	\$50,000	James J. Winn, <i>Pr.</i>	Jos. L. Pitts, <i>Cas.</i>
ARIZ..	Phoenix.....	Hartford Banking Co....	Chemical National Bank.
	\$50,000	L. W. Blinn, <i>Pr.</i>	E. H. Hiller, <i>Cas.</i>
ARK....	Jonesboro.....	Bank of Jonesboro.....	Western National Bank.
	\$25,000	Wm. H. Cate, <i>Pr.</i>	Oscar M. Nilson, <i>Cas.</i>
" ..	Ozark.....	Arkansas Valley Bank...	National Park Bank.
	\$20,000	J. F. Quaile, <i>Pr.</i>	J. B. Carter, <i>Cas.</i>
CAL....	Elsinore.....	Bank of Elsinore.....	
		Thompson Frame, <i>Pr.</i>	Daniel M. Fraser, <i>Cas.</i>
" ..	Lugonia.....	B. of E. San Bernardino Valley.	Laidlaw & Co.
" ..	San Diego.....	San Diego National B'k.	
	\$100,000	D. Henderson, <i>Pr.</i>	L. M. Jacobs, <i>Cas.</i>
COL....	Denver.....	Colorado Savings Bank .	Chase National Bank.
	\$50,000	John A. Clough, <i>Pr.</i>	Walter J. Wildman, <i>Cas.</i>
" ..	" ..	McIntosh & Mygatt.....	Chase National Bank.
" ..	Kit Carson.....	Bank of Kit Carson.	
" ..	Sterling.....	Logan County Bank.....	Chemical National Bank.
CONN..	Greenwich.	Greenwich Loan & T. Co.	Allen Winch, <i>Cas.</i>
	\$50,000	Hanford Lockwood, <i>Pr.</i>	Merchants Exchange Nat. Bank.
" ..	Waterford.....	Fourth National Bank...	Merchants Exchange National B'k.
	\$100,000	Edward F. Turner, <i>Pr.</i>	Butler G. Bryan, <i>Cas.</i>
DAK....	Yankton.....	Yankton Savings Bank..	Fourth National Bank.
	\$15,000	Asa W. Howard, <i>Pr.</i>	Miles T. Woolley, <i>Cas.</i>
FLA....	Fernandina ..	Bank of Fernandina.....	Importers & Traders National B'k.
	\$20,000	Fred. W. Hoyt, <i>Pr.</i>	R. C. Cooley, <i>Cas.</i>
IDAHO..	Mountain Home	Helfrich & Miller.....	Kountze Bro's.
ILL....	Buda.....	Bank of Buda.....	
	\$150,000		I. B. Lesh, <i>Cas.</i>
" ..	Cairo.....	Alexander Co. Savings B.	
	\$15,000	F. Bross, <i>Pr.</i>	Henry Wells, <i>Cas.</i>
" ..	Delavan.....	Tazewell County Nat. B.	
	\$50,000	Erastus S. Hobart, <i>Pr.</i>	Rudolph Frey, <i>Cas.</i>
" ..	Newark.....	James J. Van Duzen.	
" ..	Pekin.....	German-American N. B.	Hanover National Bank.
	\$100,000	Henry Feltman, <i>Pr.</i>	A. H. Purdie, <i>Cas.</i>
" ..	Seneca.....	Bank of Seneca.....	Tradesmens National Bank.
IOWA..	Afton.....	Union Co. Bank.....	Chemical National Bank.
		Hiram I. Nance, <i>Pr.</i>	Theo. F. Shunk, <i>Cas.</i>
" ..	Bennett.....	Bennett Bank.....	
" ..	Bloomfield.	State Bank of Bloomfield.	Chemical National Bank.
	\$25,500	Henry H. Trimble, <i>Pr.</i>	John R. Wallace, <i>Cas.</i>
" ..	Bristow.....	Bank of Bristow.....	
			Geo. W. Moore, Jr., <i>Cas.</i>
" ..	Charter Oak ...	Charter Oak Bank.....	
" ..	" ..	H. N. Moore & Co.....	American Exchange National B'k.
	\$20,000	Henry N. Moore, <i>Pr.</i>	James P. Stewart, <i>Cas.</i>
" ..	Plum Hollow ..	Paul Bro's.....	
		Wm. R. Paul, <i>Pr.</i>	Walton M. Paul, <i>Cas.</i>
KAN....	Abilene.....	Abilene National Bank..	First National Bank.
	\$150,000	Chas. H. Parker, <i>Pr.</i>	Edwin D. Humphrey, <i>Cas.</i>
" ..	Alken.....	State Bank of Superior..	Hanover National Bank.
	\$12,500	O. Heggelund, <i>Pr.</i>	Leon Depp, <i>Cas.</i>
" ..	Alma.....	First National Bank.....	Kountze Bro's.
	\$50,000	John F. Limerick, <i>Pr.</i>	Lawrence T. Whalley, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
KAN....	Armourdale....	Armourdale Bank.....	United States National Bank.
		A. W. Little, <i>Pr.</i>	C. S. Squier, <i>Cas.</i>
" ..	Cincinnati.....	Porter, Slater & Co.....	
	\$10,000	J. C. Porter, <i>Pr.</i>	Wm. A. Slater, <i>Cas.</i>
" ..	Glasco	Citizens State Bank	Fourth National Bank.
	\$22,000	Albert Bissell, <i>Pr.</i>	Shelby W. Keiser, <i>Cas.</i>
" ..	Greensburg... ..	Union Banking Co.....	United States National Bank.
	\$90,000	Geo. H. Stearns, <i>Pr.</i>	Frank L. Holland, <i>Cas.</i>
" ..	Hope	Union Banking Co.....	United States National Bank.
	\$90,000	Geo. H. Stearns, <i>Pr.</i>	Edwin Coles, <i>Cas.</i>
" ..	Jetmore.....	Union Banking Co.....	United States National Bank.
	\$90,000	Geo. H. Stearns, <i>Pr.</i>	Marion Shelden, <i>Cas.</i>
" ..	Kansas City....	Fidelity Safe Deposit & Trust Co.	
	\$30,000	James D. Husted, <i>Pr.</i>	Chas. E. Husted, <i>Mgr.</i>
" ..	Manhattan.....	First National Bank.....	National Bank of Republic.
	\$50,000	Geo. S. Murphey, <i>Pr.</i>	Thomas R. Board, <i>Cas.</i>
" ..	Marion.....	Union Banking Co.....	United States National Bank.
	\$90,000	Geo. H. Stearns, <i>Pr.</i>	Edwin M. Donaldson, <i>Cas.</i>
" ..	Palmer.....	Bank of Palmer.....	Fourth National Bank.
" ..	Pierceville.....	Pierceville State Bank....	Kountze Bro's.
	\$50,000	A. J. Hoisington, <i>Pr.</i>	Abbott S. Cooke, <i>Cas.</i>
" ..	Russell Springs.	First National Bank.....	
	\$50,000	James S. Warden, <i>Pr.</i>	J. T. Phinney, <i>Cas.</i>
" ..	Scandia.....	First National Bank.....	
	\$50,000	J. R. Caldwell, <i>Pr.</i>	Wm. H. Glaskin, <i>Cas.</i>
" ..	Sun City.....	Bank of Sun City.....	United States National Bank.
		Joseph W. McNeal, <i>Pr.</i>	Henry M. Ingraham, <i>Cas.</i>
" ..	Topeka.....	Kansas National Bank....	
	\$500,000	Samuel T. Howe, <i>Pr.</i>	Richard M. Crane, <i>Cas.</i>
" ..	Wa Keeney....	First National Bank....	Hanover National Bank.
	\$50,000	A. H. Blair, <i>Pr.</i>	R. C. Wilson, <i>Cas.</i>
" ..	Winona.....	Winona Banking Co.....	
		Joseph C. Rice, <i>Pr.</i>	John E. Rule, <i>Cas.</i>
KY....	Clinton.....	Clinton Bank.....	Latham Alexander & Co.
	\$10,000	Ewing O. Reid, <i>Pr.</i>	Wm. I. Rudd, <i>Cas.</i>
" ..	Eminence.....	Farmers & Drovers Bank.	Bank of America.
	\$50,000	Wm. L. Crabb, <i>Pr.</i>	John W. Caseldine, <i>Cas.</i>
MD. ...	Baltimore.....	Hopkins Place Savings B.	
		Benj. F. Smith, <i>Pr.</i>	Robt. M. Rother, <i>Treas.</i>
MASS. ..	Boston.....	Suffolk Trust & Investment Co.	
	\$100,000	Samuel S. Campbell, <i>Pr.</i>	Wm. A. McCrillis, <i>Treas.</i>
MICH... ..	Detroit	Penninsular Savings B'k.	Chase National Bank.
	\$250,000	Alex. Chapoton, Jr., <i>Pr.</i>	Joseph B. Moore, <i>Cas.</i>
" ..	Sandusky	Sandusky Bank.....	
		Frank W. Hubbard, <i>Pr.</i>	John Ryan, <i>Cas.</i>
" ..	Vermontville...	Homer G. Barber,	Western National Bank.
MINN... ..	Lake Benton....	Tucker, Weiser & Co....	National Park Bank.
" ..	Minneapolis...	Flour City National B'k.	
	\$400,000	C. H. Chadbourn, <i>Pr.</i>	Geo. E. Maxwell, <i>Cas.</i>
" ..	St. Paul.	Scandinavian-American B	National Park Bank.
	\$100,000	Arne L. Alness, <i>Pr.</i>	Geo. P. Sjoblom, <i>Cas.</i>
MO.....	Hamilton.....	Exchange Bank.....	Merchants Exchange National B'k.
	\$20,000	H. B. O'Neill, <i>Pr.</i>	C. A. Deaderick, <i>Cas.</i>
" ..	Perry.....	Peoples Bank.....	
" ..	Pleasant Hill..	Pleasant Hill Banking Co.	Commercial National Bank.
	\$20,000	Benj. T. McDonald, <i>Pr.</i>	G. M. Smith, <i>Cas.</i>
" ..	Springfield.	Commercial Bank.....	Merchants Exchange Nat'l Bank.
	\$50,000	Joseph S. Ambrose, <i>Pr.</i>	Wm. D. Sheppard, <i>Cas.</i>
" ..	Tina.....	Citizens Bank.....	Fourth National Bank.
	\$6,000	James Brooks, <i>Pr.</i>	Jacob S. Williams, <i>Cas.</i>
MONT... ..	Great Falls....	Bank of Great Falls.....	Chase National Bank.
NEB....	Ansley.....	Bank of Ansley.. ..	Chemical National Bank.
" ..	Blair.....	Blair State Bank.....	Chemical National Bank.
	\$50,000	F. W. Kenny, <i>Pr.</i>	T. E. Stevens, <i>Cas.</i>
" ..	Burnett.....	Elkhorn Valley Bank....	
	\$12,500	James Stuart, <i>Pr.</i>	C. Edwin Burnham, <i>Cas.</i>
" ..	Burwell.....	First Bank.....	Chase National Bank.
	\$15,000	J. E. Hall, <i>Pr.</i>	Geo. A. Percival, <i>Cas.</i>

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
NEB.... Dawson.....	Dawson Bank.....	Kountze Bro's.
	\$12,000 M. B. Ryan, <i>Pr.</i>	M. Riley, <i>Cas.</i>
" .. Harbine.....	Bank of Harbine.....	United States National Bank.
	\$30,000 J. W. Barry, <i>Pr.</i>	Herbert C. White, <i>Cas.</i>
" .. Hayes Centre ..	Farmers & Merchants B.	Chemical National Bank.
	\$10,000 (Ivers & Likes),	Robert B. Likes, <i>Cas.</i>
" .. Madison.....	First National Bank.....	
	\$50,000 A. W. Wohlford, <i>Pr.</i>	Peter Rubendall, <i>Cas.</i>
" .. Randolph.....	Randolph Bank.....	National Park Bank.
	John D. Whitham, <i>Pr.</i>	Chas S. Whitham, <i>Cas.</i>
" .. Stratton.....	Commercial Banking Co.	Chemical National Bank.
	\$15,000 C. C. Vennum, <i>Pr.</i>	
OHIO.. Lima.....	Ohio National Bank.....	
	\$120,000 Joseph C. Thompson, <i>Pr.</i>	James H. Woods, <i>Cas.</i>
" .. Shane's Cross'g.	Farmers Bank.....	First National Bank.
		David L. Brumback, <i>Cas.</i>
ORE.... Heppner.....	First National Bank.....	
	\$50,000 C. A. Rhea, <i>Pr.</i>	J. G. Maddock, <i>Cas.</i>
PA. York.....	City Bank.....	Chase National Bank.
	\$100,000 C. B. Wallace, <i>Pr.</i>	R. H. Shindel, <i>Cas.</i>
S. C.... Cheraw.....	Bank of Cheraw.....	Hanover National Bank.
	\$25,000 H. D. Malloy, <i>Pr.</i>	F. A. Waddill, <i>Cas.</i>
TENN... Memphis.....	Memphis City Fire & Gen'l Ins. Co.	
	\$250,000 Napoleon Hill, <i>Pr.</i>	Henry J. Lynn, <i>Cas.</i>
" .. Savannah.....	Bank of Savannah.....	Chemical National Bank.
VA..... Harrisonburg ..	Commercial Bank.....	Hanover National Bank.
Wis.... Black R. Falls..	Black River Bank.....	Fourth National Bank.
	\$30,000 Hugh H. Price, <i>Pr.</i>	Edward B. Lewis, <i>Cas.</i>
" .. Chippewa Falls.	Lumbermens Nat. Bank.	
	\$100,000 A. B. McDowell, <i>Pr.</i>	E. De F. Barnett, <i>Cas.</i>
" .. Hartford.....	Bank of Hartford.....	Merchants Exchange Nat'l Bank.
		Chas. E. Cook, <i>Cas.</i>
Wyo.... Sundance.....	Bank of Sundance.....	National Park Bank.
	\$25,000 James F. Summers, <i>Pr.</i>	Todd M. Pettigrew, <i>Cas.</i>

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from August No., page 153.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
N. Y. CITY.—National B'k of Deposit...	Chas. F. Sanborn, <i>V. Pr.</i>	
" .. Union Bank	John H. Hewson, <i>V. Pr.</i>	
ARIZ.... Hartford Banking Co.	John C. Abbot, <i>1st V. P.</i>	
	Phoenix. } E. R. Thompson, <i>2d V. P.</i>	
" .. Nat'l B'k of Arizona, Phoenix.	Geo. W. Hoadley, <i>Cas.</i>	
ARK.... B'k of Jonesboro, Jonesboro...	Geo. W. Culberhouse, <i>V. P.</i>	
CAL.... Bank of Elsinore, Elsinore.....	N. G. Yocum, <i>V. Pr.</i>	
" .. Pasadena Nat. Bank, Pasadena.	A. H. Congar, <i>V. Pr.</i>	
" .. Commercial & Savings Bank,	F. P. Ryland, <i>Cas.</i>	T. F. Morrison.
	San Jose. } John T. McGeoghegan, <i>S. F. P. Ryland.</i>	
COL.... Colorado Savings Bank Denver	F. K. Atkins, <i>V. Pr.</i>	
CONN... Mariners' Sav. B., New London	Daniel D. Latham, <i>Pr.</i>	C. C. Comstock*
DAL.... Lincoln Co. Bank,	A. R. Brown, <i>Pr.</i>	
	Canton. } O. K. Brown, <i>Cas.</i>	A. R. Brown.
" .. Yankton Savings B'k, Yankton,	Herman Ellerman, <i>V. Pr.</i>	
GA. Oglethorpe Nat. Bank,	W. E. Burbage, <i>V. Pr.</i>	
	Brunswick. } F. E. Cunningham, <i>A. C.</i>	
" .. Thomasville N. B. Thomasville.	A. T. MacIntyre, Jr., <i>V. P.</i>	
ILL.... B'k of Mount Morris, Mt. Morris.	Ralph W. Trine, <i>Cas.</i>	O. H. Swingley.
" .. German-American N. B. Pekin.	E. W. Wilson, <i>V. Pr.</i>	
" .. Quincy Nat'l Bank, Quincy.....	John H. Daker, <i>V. Pr.</i>	
IND.... First National Bank, Frankfort.	T. B. Cox, <i>Pr.</i>	James H. Paris.
" .. Mount Vernon Banking Co.,	John B. Gardiner, <i>Pr.</i>	Chas. E. Parke.
	Mount Vernon. } Chas. E. Parke, <i>V. Pr.</i>	

* Deceased.

	<i>Bank and Place.</i>	<i>Electa.</i>	<i>In place of</i>
IND....	Farmers & Trad. B. Nappanee.	John C. Mellinger, <i>Cas.</i>	Samuel Bechtel*
IOWA...	Union Co. Bank, Afton	John Hackett, <i>V. Pr.</i>	
"	State Bank of Superior, Aiken.	A. A. Irvin, <i>V. Pr.</i>	
"	State Bank of Bloomfield, Bloomfield.	Henry H. Trimble, <i>Pr.</i>	
"		Wm. Bradley, <i>V. Pr.</i>	
"		John R. Wallace, <i>Cas.</i>	
"	First Nat. Bank, Cherry Vale.	Geo. Elkins, <i>V. Pr.</i>	W. W. Brown.
"	Merchants National Bank, Clinton.	James P. Gage, <i>V. Pr.</i>	
"		C. D. May, <i>Ass't Cas.</i>	
"	Adair Co. Bank, Greenfield.	E. H. Bickford, <i>Cas.</i>	F. W. Haskins.
"		E. M. Heaton, <i>Ass't Cas.</i>	E. H. Bickford.
"	Pierceville State B., Pierceville.	Geo. W. White, <i>V. Pr.</i>	
"		A. D. Peck, <i>Pr.</i>	D. Carr Early.
"	Sac Co. State Bank, Sac City.	Phil. Schaller, <i>V. Pr.</i>	
"		E. N. Baily, <i>Cas.</i>	Levi Davis.
"		H. J. Grotewohl, <i>A. Cas.</i>	
"	Kansas Nat. Bank, Topeka.	L. L. Turner, <i>V. Pr.</i>	
"	First Nat. Bank, Wa Keeney.	L. E. Rogers, <i>V. Pr.</i>	
"	Bank of Weldon, Weldon.	A. E. Chase, <i>Pr.</i>	Thos. J. Eals.
KAN....	Abilene National Bank, Abilene.	W. P. Rice, <i>V. Pr.</i>	
"	Armourdale Bank, Armourdale.	A. K. Perry, <i>Ass't Cas.</i>	
"		N. McAlpine, <i>V. Pr.</i>	
"	Farmers State Bank, Augusta.	G. A. Taylor, <i>Ass't Cas.</i>	
"		E. R. Grant, <i>Pr.</i>	F. L. Ayres.
"		Edwin Hill, <i>V. Pr.</i>	
"		F. L. Ayres, <i>Cas.</i>	F. Rice.
"	Burden Bank, Burden.	Samuel C. Day, <i>Cas.</i>	E. A. Henthorn.
"	Bank of Enterprise, Enterprise.	C. M. Case, <i>Cas.</i>	Henry M. Warner.
"	Citizens State Bank, Glasco.	Wm. R. West, <i>V. Pr.</i>	
"	Bank of Holyrood, Holyrood.	J. O. Phillips, <i>Cas.</i>	A. W. Baker.
"	First National Bank, Kinsley.	C. C. Sellers, <i>V. Pr.</i>	
"	First National B'k, Manhattan.	Geo. S. Green, <i>V. Pr.</i>	
"	Bank of Scottsville, Scottsville.	F. A. Southwick, <i>V. P.</i>	
"		E. M. Sawyer, <i>Ass't Cas.</i>	
"		Geo. W. White, <i>Pr.</i>	
"	State B'k of Smith Centre, Smith Centre.	Wm. R. Sanford, <i>V. Pr.</i>	
"		Chas. S. Barrett, <i>Cas.</i>	
"		R. Chandler, <i>A. Cas.</i>	
"	Bank of Sun City, Sun City.	Thomas S. Proctor, <i>V. P.</i>	
"		K. McPherson, <i>Ass't Cas.</i>	
"	Bank of Turon, Turon.	J. B. Potter, <i>Pr.</i>	J. D. Larabee.
"		T. W. Hickman, <i>V. Pr.</i>	
"		M. H. Potter, <i>Cas.</i>	J. S. McCurdy.
"	B'k of Winchester, Winchester.	Levi Wilhelm, <i>V. Pr.</i>	
"	Bank of Windom, Windom.	S. P. Matthews, <i>Pr.</i>	Wm. J. Bell.
KY....	B'k of Adairville, Adairville.	Edwin R. Moore, <i>Cas.</i>	Ernest Fasy.
"	Farmers & Drovers Bank, Eminence.	Leonard Drane, <i>V. Pr.</i>	
"		L. B. Hilburn, <i>Ass't Cas.</i>	
"	Deposit Bank, Greenup.	Ben. S. Cooke, <i>Cas.</i>	John W. Dicus*
"	Exchange Bank, Greenup.	James M. Sowards, <i>Pr.</i>	
"		Wm. M. Sowards, <i>Cas.</i>	
"	First National Bank, Lexington.	John M. Bell, <i>Cas.</i>	Thomas Mitchell.
"		H. P. Kinkaid, <i>Ass't Cas.</i>	John M. Bell.
LA....	Metropolitan B., New Orleans.	Edw. Claussen, <i>Ass't Cas.</i>	
ME....	Fairfield Savings B'k, Fairfield.	Chas. Rowell, <i>Treas.</i>	E. G. Pratt*
"	Hallowell Nat. B'k, Hallowell.	A. D. Knight, <i>Cas.</i>	A. K. Perry.
MD....	Hopkins Pl. Sav. B., Baltimore.	Henry King, <i>V. Pr.</i>	
"	Frederick Co. N. B., Frederick.	Z. James Gittinger, <i>Cas.</i>	P. B. McCleery*
MASS...	First National Bank, Malden.	Edw. P. Kimball, <i>Ass't C.</i>	
"	Chicopee Nat. B., Springfield.	Horace Smith, <i>Pr.</i>	Henry Fuller, Jr.,
MICH...	Peninsular Savings B., Detroit.	Cornelius Corbett, <i>V. Pr.</i>	
MINN...	Scandinavian-American B., St. P.	J. G. Elmquist, <i>V. Pr.</i>	
MO....	Browning Savings B., Browning.	W. P. Taylor, <i>Cas.</i>	Chas. A. Deaderick.
"	Columbia Savings B., Columbia.	E. W. Herndon, <i>Pr.</i>	John M. Samuels*
"	First National Bank, Harrisonville.	W. C. Christopher, <i>V. P.</i>	
"		W. J. Ford, <i>Ass't Cas.</i>	
"	Montgomery Co. B., Mont. City	Sam'l Sharp, Jr., <i>Cas.</i>	Sam'l T. Sharp.

* Deceased.

	<i>Bank and place.</i>	<i>Elected.</i>	<i>In place of</i>
MO....	Commercial Bank, Springfield.	Thos. B. Townsend, <i>V. Pr.</i>	.....
		W. T. Bigbee, <i>Ass't Cas.</i>	.....
NER....	Dawson Bank, Dawson.....	B. S. Chittenden, <i>V. Pr.</i>	.....
"	First National Bank, Fullerton.	Theo. C. Koch, <i>Cas.</i>	.....
"	First Nat. Bank, Madison.....	F. W. Barnes, <i>V. Pr.</i>	.....
"	First National Bank, Red Cloud.	Robt. V. Shirey, <i>Pr.</i>	Robt. E. Moore.
		John R. Shirey, <i>Cas.</i>	John Moore.
		H. B. Cather, <i>Ass't Cas.</i>	Anson Higby.
"	Red Cloud Nat. B., Red Cloud.	L. P. Albright, <i>Cas.</i>	Robert B. Shirey.
N. H....	Lebanon Savings B'k, Lebanon.	C. E. Cooper, <i>Treas.</i>	E. A. Kendrick.
"	Nat. B., of Lebanon, Lebanon.	C. E. Cooper, <i>Cas.</i>	E. A. Kendrick.
N. Y....	Ballston Spa N. B., Ballston Spa	Geo. L. Thompson, <i>Cas.</i>	John J. Lee.
"	Putman Co. S. B., Brewsters	A. F. Lobdell, <i>Sect.</i>	Ferdinand A. Hoyt.
"	Nat'l B. of Granville, Granville..	Hugh W. Hughes, <i>Pr.</i>	.....
"	Farmers Nat. Bank, Malone...	O. S. Lawrence, <i>Cas.</i>	Wm. F. Creed.
"	Saugerties Sav. B., Saugerties.	Albert Carnright, <i>Pr.</i>	John W. Davis.
"	Oneida Co. Bank, Utica.	J. M. Butler, <i>Pr.</i>	Francis Kernan.
		F. A. Bosworth, <i>Act'g C.</i>	J. M. Butler.
"	Second National Bank, Utica.	Wm. M. White, <i>Pr.</i>	.....
		Menry Roberts, <i>V. Pr.</i>	Wm. B. Jackson.
		D. A. Avery, <i>Cas.</i>	Geo. R. Thomas*
		Willard Conkey, <i>Ass't C.</i>	.....
OHIO..	First National Bank, Alliance.	C. C. Davidson, <i>V. Pr.</i>	.....
"	Farmers' Bank, Canton..	W. M. Reed, <i>Cas.</i>	Le Roy D. Brown.
"	Ohio National Bank, Lima	H. G. McDowell, <i>Cas.</i>	T. C. McDowell.
"	Ohio National Bank, Lima	Josiah B. Roberts, <i>V. Pr.</i>	.....
PENN..	Bryn Mawr N. B., Bryn Mawr	Jacob L. Stadelman, <i>V. Pr.</i>	.....
"	Marine Nat. Bank, Pittsburgh..	Wm. W. O'Neil, <i>Pr.</i>	Wm. H. Everson.
"	Peoples Savings B., Pittsburgh.	N. G. von Bonnhorst, <i>Tr.</i>	S. F. von Bonn-
"	City Bank, York	Geoffrey P. Yost, <i>V. Pr.</i>	[horst.*]
S. C....	Bank of Cheraw, Cheraw.....	J. W. McKay, <i>V. Pr.</i>	.....
TENN..	City Savings B., Chattanooga.	I. B. Merriam, <i>Pr.</i>	G. W. Thompson.
TEXAS..	Farmers Nat. Bank, Hillsboro..	V. H. Ivey, <i>V. Pr.</i>	.....
"	Collin Co. National Bank, McKinney.	J. L. White, <i>Cas.</i>	Wm. L. Boyd.
		L. A. Foote, <i>Ass't Cas.</i>	J. L. White.
VA.....	State B. of Virginia, Richmond.	John S. Ellett, <i>Pr.</i>	John L. Bacon*
WIS....	Black River B., Black R. Falls.	H. A. Bright, <i>V. Pr.</i>	.....
"	Bank of Galesville, Galesville.	A. W. Newman, <i>V. Pr.</i>	.....
		John O. Melby, <i>Cas.</i>	Walter C. Brooks.
		C. M. Kellogg, <i>Ass't Cas.</i>	.....
WYO...	Bank of Sundance, Sundance..	Fred. E. Rounds, <i>V. Pr.</i>	.....
NEW B.	Halifax Banking Co., Sackville.	Geo. A. Thompson, <i>Agt.</i>	Thos. A. H. Mason.
NOVA S.	Halifax Banking Co., Truro...	Thos. A. H. Mason, <i>Agt.</i>	A. Allan.
QUEBEC	Banque d'Hochelaga, Montreal.	M. J. A. Prendergast, <i>C.</i>	A. D. Parant.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from August No., page 154.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3768	Fourth National Bank..... Waterbury, Conn.	Edward F. Turner,	Burton G. Bryan,	\$100,000
3769	First National Bank..... Alma, Kan.	John F. Limerick,	Lawrence T. Whalley,	50,000
3770	German-American National B'k. Pekin, Ill.	Henry Feltman,	A. H. Purdie,	100,000
3771	National Bank of Deposit..... New York City.	Lewis E. Ransom,	George H. Southard,	250,000
3772	Ohio National Bank..... Lima, O.	Joseph C. Thompson,	James H. Woods,	120,000
3773	First National Bank..... Madison, Neb.	A. W. Wohlford,	Peter Rubendall,	50,000

* Deceased.

No	Name and Place.	President.	Cashier.	Capital.
3774	First National Bank..... Heppner, Ore.	C. A. Rhea,	J. G. Maddock,	50,000
3775	First National Bank..... Russell Springs, Kan.	James S. Warden,	J. T. Phinney,	50,000
3776	First National Bank..... Wa Keeney, Kan.	A. H. Blair,	R. C. Wilson,	50,000
3777	Abilene National Bank..... Abilene, Kan.	Clark H. Barker,	E. D. Humphrey,	150,000
3778	Lumbermen's National Bank.... Chippewa Falls, Wis.	A. B. McDowell,	E. De F. Barnett,	100,000
3779	First National Bank..... Scandia, Kan.	J. R. Caldwell,	Wm. H. Glaskin,	50,000
3780	San Diego National Bank..... San Diego, Cal.	D. Henderson,	L. M. Jacobs,	100,000
3781	Tazewell County National Bank. Delavan, Ill.	Erastus S. Hobart,	Rudolph Frey,	50,000
3782	First National Bank..... Manhattan, Kan.	Geo. S. Murphey,	Thomas R. Board,	50,000
3783	First National Bank..... Snow Hill, Md.	John W. Smith,	Irving T. Matthews,	50,000
3784	Flour City National Bank..... Minneapolis, Minn.	C. H. Chadbourn,	Geo. E. Maxwell,	400,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from August No., page 154.)

CAL....	St. Helena.....	D. B. Carver now Carver National Bank.
COL....	Buena Vista....	Bank of Buena Vista, R. W. Hockaday now proprietor.
"	.. Colo. Springs..	The People's Bank, business and good will transferred to El Paso Co. Bank.
GA....	Thomasville....	S. L. Hayes succeeded by Thomasville National Bank.
ILL....	Buda.....	J. D. Reynolds succeeded by Bank of Buda.
"	.. Newark.....	John A. McCoy's Bank succeeded by James J. Van Duzen.
IND....	Mount Vernon.	Mount Vernon Banking Co. takes the business of the International Bank, which is out of business.
IOWA...	Bloomfield....	Bradley's Bank succeeded by State Bank of Bloomfield.
"	.. Sac City.....	Sac County Bank now Sac County State Bank.
KAN. ..	Bronson.....	Pinnell & Smith succeeded by G. A. Pinnell & Son.
"	.. Onaga.....	Onaga Exchange Bank, Trout & Leach are now proprietors.
"	.. Smith Centre..	Bank of Smith Centre now State Bank of Smith Centre.
KY....	Greenup.....	J. M. Sowards now Exchange Bank (incorporated).
MICH ..	Ionia.....	W. C. Page now Page, Bates & Co.
"	.. Petersburg....	H. C. McLachlin & Co. now Petersburg Exchange Bank, McLachlin & Gillmore, proprietors.
MISS...	Greenville.....	Merchants Bank now First National Bank.
N. Y....	Dansville.....	First National Bank reported suspended.
"	.. Oakfield.....	Exchange Bank (Wright & Green) now F. E. Wright, proprietor.
ORE....	Heppner.....	Rhea Bros. & Maddock now First National Bank.
"	.. Jacksonville....	C. C. Beekman now Beekman & Reames.
PA....	Philadelphia...	Stevens & Moore succeeded by Edward J. Moore & Co.
S. C....	Cheraw.....	H. D. Malloy now Bank of Cheraw.
"	.. Sumter.....	National Bank of Sumter placed in the hands of a receiver.
WIS... ..	Wonewoc.....	Bank of Wonewoc (A. J. White) now C. E. Wolfenden, proprietor.
WYO.. ..	Sundance.....	Stebbins, Fox & Co. succeeded by Bank of Sundance.
ONT....	London.....	The Bank of London in Canada reported failed.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, AUGUST, 1887.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in August.															
GOVERNMENTS.				RAILROAD STOCKS.				MISCELLANEOUS.				Low-est.		High-est.	
Interest Periods.	Open- ing.	High- est.	Clos- ing.	Open- ing.	High- est.	Clos- ing.	Open- ing.	High- est.	Clos- ing.	Open- ing.	High- est.	Clos- ing.	Open- ing.	High- est.	Clos- ing.
Quarterly															
Mar.	107½	109½	108½	25	25½	23	33	36	29½	16	18	15½	33	33½	32½
Jan.	127½	127½	125	129	132½	129½	129	133	129½	24½	25½	24½	59	59½	57
Feb.	127½	127½	125	27	28½	25½	27	28½	24½	24½	25½	24½	59	59½	57
6s, cur'cy, 1893, reg.	122	123	121	58½	62½	60	58½	62½	57½	44	46	35½	44	46	42
6s, cur'cy, 1896, reg.	124	125	121½	Do	1st pref.	21½	58½	62½	57½	92½	95½	84	92½	95½	90½
6s, cur'cy, 1897, reg.	127	128	125	Do	2d pref.	21½	21½	21	21½	—	—	—	—	—	—
6s, cur'cy, 1898, reg.	130	131	129½	Fort Worth & Den.	—	47	—	44½	—	—	—	—	—	—	—
6s, cur'cy, 1899, reg.	132	133½	128	Houston & Texas C.	—	—	—	—	—	—	—	—	—	—	—
	132	133½	128	Illinois Central.	122	124	117½	118	118	—	—	—	—	—	—
	132	133½	128	Indiana, Bloom. & Western.	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Lake Erie and Western.	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
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	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
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	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—	—	—	—	—
	132	133½	128	Do	182	182	182	182	182	—	—				

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

August has been another month of liquidation in speculation, both in staples of commerce and in the stock market, which has been almost as severe as that of July, although not followed by panic, as then. At the same time the legitimate industries of the country have gone right along, unmindful of the speculative depression, except as the money market has been affected thereby, and, for the most part ahead, in the broad road of improvement toward general and substantial prosperity to all who are producing and adding to the country's wealth as well as their individual. This is the basis, as well as the evidence of better times, and not of speculation; and people who fail to discriminate between the real interests of the country and those of the gamblers in stocks and commodities, have overlooked the radical difference between the conditions of these rival interests, and accepted the conclusion that there must be something wrong with legitimate business, when speculation is so depressed. But the reflection that these two interests are really rival and antagonistic, and the recollection that speculation thrived at the expense of all legitimate business, during the unprecedented speculative era, from 1878 to 1882, until the latter was nearly ruined and compelled to cut itself loose from the former, will enable one to understand the present anomalous situation of affairs, which some superficial observers have regarded as abnormal, and therefore unhealthy.

It will be remembered that when this divorce between the productive and the gambling interests took place, and the source of supplies for the latter had been cut off by the non-productive goose that could no longer lay the speculators' golden eggs, the latter changed their tactics, turned about and began devouring the goose they had killed, by bearing or depressing the values they had formerly bulled or inflated. Instead of "corners," as in 1879 to 1882, bear "raids" became the speculative fashion, and everything came in for these broadside assaults of the gambling interests of the country, until it became as sure an evidence of a man's business incapacity, in the minds of men who followed these speculators, to have faith in, and own any kind of property, as it had formerly been to disbelieve in inflated values. Indeed, it has been a common saying in these markets since 1883, that "it is a crime to own anything any more," or to believe in the future prosperity of the country, since these bear gamblers have been on top. But during these past four years of liquidation, under-production and bear raids, by which values have been under-depressed as they had been over-inflated from 1879 to 1882, consumption not only continued, while the over-production of this latter period was worked off, but increased, as it disappeared, until, in 1885, our markets began to be bare of stocks of manufactures of nearly all kinds. Meantime the country had been growing in extent and in population, while our capacity for production and transportation had been comparatively at a standstill, until demand had at last overtaken and began to run ahead of supplies of both, in 1886. Then came renewed industrial activity throughout the country, and with it increased employment of labor, followed

by better wages and improving prices for manufactured goods, led by the great index of returning prosperity—the iron industries—which in turn had been stimulated by the demand from the transportation interests, for new plant and rolling stock and renewal of old, in order to meet the increased demand for the transportation of raw materials, manufactured goods, food supplies and household goods, caused by this industrial activity. Following this came the extension of the railway system into the newer sections of the country, whose settlement and development had gone ahead of their transportation facilities during the period of cessation in railroad building. Hence the enormous extension of the whole Granger system of roads from Chicago and St. Louis into the great North and Southwest.

These broad underlying causes were silently at work unseen and unnoticed by the speculative element of the country, because those engaged in these industries, learning from their experiences of 1882 and '84, respected the decree of divorce entered against speculation, in every form, and have not brought their grist to the speculators' mills any more, to be ground as formerly, but have attended to their business, of which they have had enough to do without taking "flyers" in the stock or produce markets as they used to do. Hence, the plaintive cry of the speculator, "There is no public in the market any more and no outside buying," and with no lambs to shear, these wolves have to live by devouring each other, and hence these wails from the stock exchange and the Chicago Board of Trade about "loss of business," and the appointment of committees of investigation to find the causes explained above, but which they have overlooked, to pounce upon their rivals all over the country—the so-called bucket shops, which are also suffering from "loss of business"—like all other gambling institutions in the country, simply because the people have learned wisdom at last; first, from the necessity to quit gambling and attend to the legitimate business they had left, and, second, because they have become tired of working for the speculators and their agents, the "commission men."

Hence the bull movements in all these speculations have failed, because "the public would not come in," and the cliques and pools who loaded up with great expectations of another boom, on "outside buying," as in 1878-80, have been left with their loads until a close money market, caused by the increased demand from legitimate industries which have absorbed an unusual amount of money, rendered these speculators unable longer to borrow money, and compelled them to throw over their loads held on margins, and the whole speculative fraternity have suffered with them, as they were the only customers of the "commission house" or broker. This explains the wholesale depression in Wall Street and the produce markets, and the liquidation and ruin of the speculators, who are now "on the bottom," while legitimate business is "on top" once more, as it should be. The truth is, the speculator's occupation for the time, and it is to be hoped for a long time, is gone; and the hosts engaged, innocently or otherwise, therein, may soon receive notice, from necessity which knows no law, to quit and go into some productive business by which they can earn a living, and add to their own and the country's wealth, instead of consuming both, as they have been since 1878-79.

This is why stocks have broken so badly again the past month, as they have been doing all summer, in the face of the best earnings railroads have had for years, although the bears have aggravated the decline by manipulating the money market; and also the damage to the corn crop, by exaggerated and false reports of the latter; and the weakness and impending ruin of the large operators who held big blocks of stocks on loans from the banks, which were called in to the extent of \$2,000,000 the last week in August.

It is the speculative situation that is weak, and not the legitimate, and investors in railroad securities that are sound, whose properties are honestly managed, can view this break in stocks with satisfaction, as it affords an unexpected opportunity to buy cheaper than the earnings of the railways generally warrant. One who buys well now, and pays for his purchases, and takes them away from his broker's office, will have little cause to regret it as long as earnings continue as they have for the last six months.

The money market is less of a bugbear than Jay Gould and his co-conspirators, who are still applying their "sandbag" methods to Wall street, aided by his "Bureau of (false) Information," with which he has been "slugging" the market for two months, or since he began this bear campaign in June, by allowing his own "tickers" to announce his death, and start a selling movement by investors, over a corpse that has been very lively ever since, and of which no physical or mental loss of power has been discovered. Original to the last, it was a new trick, even in Wall Street, for a man to speculate upon his own death, although the late Uncle Daniel Drew was once taken so suddenly sick when called on for more margin, that he did not have time to get his boots off, but jumped into bed with them on, just as his broker rushed into his room, to be told that he would have to carry his stocks for him till he could get out and raise some money. But the money market is not wholly at the mercy of the bears in stocks, since the action of the United States Treasury in buying Government bonds, at the lowest price at which they may be offered from week to week; neither is the Treasurer at the mercy of the bulls in Government bonds, who bought them up, believing they could fix the price, and not the Government, since it refused the first offerings, believing the price was too high. In the meantime considerable gold is coming both from London and the Continent, partly on security and partly on commercial bills, largely against wheat going out on old purchases of one or two months ago, before the large European harvest had been secured in so fine condition as to enable its immediate use, without the usual mixture of American wheat.

The prospects of continued exports are therefore not good, and the volume of commercial bills from this source will soon lessen, while cotton may go forward more freely. But the prospect of large imports of gold are not good either, on the present prospects of exports and continued heavy imports, unless the loss on commercial bills is made good by shipment of securities to Europe or of European capital here for permanent investment. The bank reserve, though small, is again growing after the recent temporary reduction. The condition of the foreign exchange market is seen in the imports of gold, and upon them it depends for the future.

As to the statistical position of the produce markets, it can be said, as of

railroads, they were never in a stronger position, as a rule. But speculation on the bull side is dead, the bulls ruined or discouraged, and only legitimate influences can be depended upon to turn values above their present level, which is abnormal, if not too low. The only class who can bull our agricultural products this year as a rule, and successfully, are either the producer or the consumer. If the former decides his crops are selling too low, and he is able to wait for higher prices before he sells, then we will have higher prices after the first rush is over and the "poor man's" crops are sold. This would bring better prices this fall, and possibly before the close of navigation in November. If the former will not hold back, as the winter wheat farmers are already doing, then low prices must rule for the first half of the crop year, unless political complications in Europe should start a bull movement on the other side of the Atlantic, in food supplies, and take our markets up with them. Otherwise there appears to be nothing to do but to wait until consumption has reduced stocks, when there may be higher prices late in the crop year on our export staples on consumptive demand.

As to the bull speculation in corn on the crop damage, it has been engineered by the same speculators who have been bearing stocks, and they seem to be trying now to sell out their long corn, if not to cover up their short stocks. When this is done, there does not appear to be enough speculation left to keep corn up the first half of the crop year, more than there was last year, and it looks like following the same course as the other produce markets. This will apply, with few exceptions, to all these markets, although the short hay crop is likely to keep both corn and oats higher than otherwise, while cotton is likely to be a large crop, and, with little speculation, it must find an export basis whatever Europe shall fix.

While the inland transportation interests, lake, river and rail, have been doing a good business, as noted above, the ocean-carrying trade has been suffering again in absence of sufficient out-freight, and the regular steamers have been compelled to take wheat almost as ballast again. As a result, there has been a good deal of cutting in through rates of freight from the West to Europe, which has led to the charge that the trunk lines have been cutting rates from Chicago to the seaboard also. This may be true, though not proven, and may be false, as some of the stories about a shortage of one-half and one-quarter in the corn crop, started by the same parties, who are bearing stocks and bulling corn, when the most conservative estimates are that the increased acreage will make good the shortage on the high lands which have been most affected by the drought, making a spotted crop.

During the past month the last of the bull cliques in wheat has gone to the wall in San Francisco, where its representatives suspended and compromised early in the month, only to make an assignment at the end, having transferred the bulk of their property to the Nevada bank, which had been carrying them, as noted in this article months ago. In the meantime its supposed connection with the deal was causing so many rumors regarding the bank, during the heavy break and panic in California wheat, which dropped from \$2.17 down to \$1.30 per cental in San Francisco, that Mr. Mackay, who had returned from Paris, was reported to have publicly announced that

Mr. Flood, the other bonanza king, and himself, had backed the clique, and not the Nevada Bank, which they controlled. This was an apparent confirmation, of the fact published in these columns, under the title of the History of the Wheat Deal in Chicago, in the July number. Since the above was written and the collapse, however, Mr. Mackay denies that he ever admitted he was in the deal.

The liquidation in San Francisco has been very heavy, as well as in London and Liverpool, where the bulk of the stock is of California, and has been held above the market for months, except as it has been worked off privately to the English millers upon the agreement that they would mill it and not put it back upon the market. In this connection the *Commercial Bulletin* of New York states that even this effort has not relieved the clique of much, if any of its wheat, for the country millers who bought it upon this agreement, at a sharp reduction from the public price in Liverpool, from whence it was shipped to them, immediately sold the option for future delivery in that market, to the clique, and, upon the arrival of these new shipments of California from Liverpool, reshipped their former shipments of California back to Liverpool and delivered them to the clique on their option contracts, and turned several very sharp if not very honest pennies per bushel, at the expense of the clique. But as this wheat is held by the Liverpool banks, which advanced six shillings per quarter upon it, it is by no means certain that the stocks in London and Liverpool will be thrown on the British markets for forced sale, although it is expected, as well as the stock owned by the clique in San Francisco. What the outcome of the collapse of this gigantic deal will be, time only can tell, but it will hang like the sword of Damocles over the wheat markets of this country and Great Britain until it is distributed among the trade. In the meantime, poor old wheat has no friends, though selling lower than in years, while its statistical position is stronger. For the bulls have lost their money and heart, and it will be a bold clique that would attempt to bull it again after such disastrous failures of two of the biggest cliques, with the most money at their command, that have ever taken hold of the markets of this country, to say nothing of their carrying the war into Africa, or rather into Europe, and bullying all the British markets by holding the stocks of London and Liverpool. Wheat, however, will be on a natural basis when the clique is out, and it is often the case that a market does better on a legitimate demand at low prices, after manipulation is ended and the trade feel that prices are on a sound basis and liable to do better. This feeling stimulates buying ahead for consumption, and dealers lay in stocks, whereas, now Europe has light stocks, as they have been holding off for this very liquidation of the clique who were to be starved out, as they have been in many corners in American products before.

Provisions are about the only speculative or export staple that has been bullied the past year and has held any considerable part of the advance; this has been done by a number of causes. First and last, the bullying by the large Chicago and Milwaukee packers, beginning with Plankinton of Milwaukee, who undertook to corner September lard a year ago, with some success, and ending with his old partner, Armour of Chicago, who cornered pork success-

fully last spring, and who has been bulling September ribs this summer in that market. He, it is also believed, has bought much of the stock of lard there, as well as a reported short interest of about 100,000 tierces, of which Fowler Brothers were believed to be the chief holders until within the past month, during which they are supposed to have sold out their long interest. This was taken on the belief in a short crop of summer hogs, which has not yet materialized. At the same time the export and home consumption of hog products has not been what was expected, as other food products have been relatively much cheaper, notably beef and wheat, both of which in the wholesale form have been cheaper than known to this generation at least, while hog products have been held this crop year from 50 to 100 per cent. higher than during nearly a year, in 1877-78. The bulling of the packers lately has been ostensibly based upon the coming alleged short corn crop, but many think it really is to sell the next packing ahead at present prices, in anticipation of lower ones on the next crop.

The speculation in coffee died out with the deal as it did in pork, wheat and cotton, but there has been a good distributive trade, and the prospects are for a healthy market this fall. Sugar has been looking up at last, after the longest and severest depression on record, following the beet root revolution in the trade of Europe, where the supply is cut short this year, while the old cane sugar is given a chance to assert its ancient supremacy once more, and the West Indies to recover from the paralysis of their former chief industry.

The stock of cotton in this country is unusually low at the beginning of the new crop year, September 1st, but the new crop itself promises to be too large to stimulate prices, especially after the failure of the Galveston clique to bull the markets of this country and even of Inman to pick them up after the clique had liquidated, and squeeze the shorts here in August on the small stock. But the conditions favor an early and active movement of the new crop into export and home consumption, as neither European nor American spinners are believed to have much stock.

Petroleum speculation remains dead, killed by the Standard Oil Company, while the original New York Oil Exchange, now known as the "Consolidated," is fast becoming a most formidable rival of the stock exchange that is taking most of the speculative business, outside of the big professional operators, and much of the investment at half the commission charged by the former monopoly of the stock and bond business of this country and of Europe in American securities. But this day is past. The new exchange meets a public want and is filling it, and rivaling the old exchange in the amount of business, although the influence of the stock exchange and its members is equal to keeping the daily press of the city from giving these facts general publicity.

The prospects of fall trade both here, in the West and South, are good, and the movement has already begun in volume, stimulated by the cool weather of the latter part of August, which has brought buyers to market from all over the country, and is fast bringing the population of the cities back, after the general exodus from the intense and protracted heat of July and early August.

The stock market and the speculative produce markets are now the only

black spots, and when the pools and cliques have liquidated, their holdings been distributed, and the bear raiders and money manipulators have covered their shorts and gone long for a reaction, we shall probably hear the last of the dismal croakings from Wall street, although the exporters of our wheat will continue to cry "It is naught, it is naught," and keep shipping it all the same, against some future short crop, at these prices. Since the above was in type the Liverpool wheat has been sold to the trade at 5/10 @ 6/5, and the wheat market seems to be righting itself at last.

DEATHS.

BACON.—On August 22, aged seventy-six years, JOHN L. BACON, President of State Bank of Virginia, Richmond, Va.

BECHTEL.—On July 1, aged forty-four years, SAMUEL BECHTEL, Cashier and partner of Farmers and Traders Bank, Nappanee, Ind.

BODMAN.—On August 17, aged seventy-two years, LUTHER BODMAN, President of Hampshire County National Bank and Hampshire Savings Bank, Northampton, Mass.

DICUS.—On July 13, aged twenty-seven years, JOHN W. DICUS, Cashier of Deposit Bank, Smith's Grove, Ky.

HARTSHORN.—On August 22, aged seventy-one years, CHARLES HARTSHORN, President of Citizens National Bank, Hornellsville, N. Y.

HEALD.—On July 26, aged sixty-six years, J. T. HEALD, partner of the firm of Heald & Co., Wilmington, Del.

LEE.—On August 6, JOHN J. LEE, Cashier for thirty-one years of Ballston Spa National Bank, Ballston Spa, N. Y.

LYONS.—On August 17, aged eighty-four years, ROBERT LYONS, proprietor of Robert Lyons Bank, Cadiz, O.

MCCLEERY.—On August 11, aged sixty-five years, PERRY B. MCCLEERY, Cashier of Frederick County National Bank, Frederick, Md.

MCKAY.—On July 13, aged fifty-five years, GEO. A. MCKAY, proprietor of Wright County Bank, Clarion, Iowa.

MOWRY.—On August 25, aged eighty-five years, SPENCER MOWRY, President of National Globe Bank, Woonsocket, R. I.

PRATT.—On July 14, aged seventy-six years, E. G. PRATT, Treasurer of Fairfield Savings Bank, Fairfield, Me.

SAMUELS.—On July 19, aged sixty-two years, JOHN M. SAMUELS, President of Columbia Savings Bank, Columbia, Mo.

THOMAS.—On July 25, aged sixty-five years, GEO. R. THOMAS, Cashier of Second National Bank, Utica, N. Y.

VON BONNHORST.—On July 23, aged seventy-three years, S. F. VON BONNHORST, Treasurer of People's Savings Bank, Pittsburgh, Pa.

WILSON.—On July 3, aged sixty-eight years, JOHN M. WILSON, President of National Bank of Malvern, Malvern, Pa.

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BUSINESS AND THE TREASURY.

Those who now complain the most loudly of dull times are the speculators. If that class alone suffer the country has no occasion for mourning. The sufferings of speculators ought not to excite sympathy, nor do they, save within the narrowest circle of friends and acquaintances. This class is the foe of legitimate business; the speculator goes into the market to disarrange and prevent the ordinary operations of trade. If he is suffering, therefore, speculation is running low, and while it may happen that legitimate business is also unfavorably affected, this is not always so. Indeed, it may be flourishing, to some degree at least, in consequence of the paralysis of speculation.

The speculators ascribe their present condition to the action of the Treasury in accumulating money. If money were only abundant it is thought that their curious operations would be more brisk. The faro bankers talk of business in the same way, and with as much reason. They speak of dull nights and seasons. Now, if the action of the Secretary has this effect, every well wisher of business and society should rejoice.

It may be that the hardening of the rates for money has this effect, but it is certain that the decline in speculation has been caused far more by tremendous losses in recent speculative movements. The Chicago and California wheat deal certainly accounts, for much of the lifelessness in grain speculation; while the belief that a few operators, with their enormous wealth and credit,

can control very largely the movements of the Stock Exchange, has the same influence in that market. There are plenty of fools who are willing to bet against the bank, well knowing that the chances are not even, but Stock Exchange speculation is getting to be more and more a one-sided affair, and the growing knowledge of this fact is having its proper and desired effect of diminishing the number of speculators. These facts, therefore, we repeat, are depressing speculation at the present time far more than the accumulation of money in the Treasury.

Outside speculative circles business seems to be in a healthy condition. Profits are not large, and this is not to be deplored, for the prosperous period is likely to last longer than it would if profits were abnormally high. Labor's share is probably larger than ever before; indeed, the rates of wages are so high in many industries that notwithstanding the enormous product the profits are very small. Never before, probably, has so much business been done with so small a share of profit to the manufacturer for his skill and risk. Yet the wealth of the country is increasing, and in rational ways. Railroad extension, for example, while very rapid, is conducted largely by the older, richer, and best established corporations, and in obedience to the general principle that growth is essential to life. Not to build and strengthen means to decay. A vast amount of wealth is assuming this form, and, doubtless, the expenditure in most instances is grounded in the highest wisdom. The day of paralleling is nearly over, and the railroads seem to be quite inclined to profit by the lessons of experience. The action of the Treasury has not fettered them from executing their enterprises, nor has the evidence appeared that business of any kind except speculation has suffered for lack of money. All over the country, buying, building, and manufacturing is going on with strong confidence in the future, unless the undervaluations of some classes of imported products be excepted. These are truly of a most serious character, and if not soon stopped are likely to be met by a deep cut in wages that will be felt far and wide. This is inevitable. Our factories will be run, and without permanent loss, which cannot be said of not a few to-day; but to do this, either an efficient enforcement of the law relating to imports or the reduction of wages must be made. If the government continues on its present course much longer, the other expedient, however much to be regretted, must be adopted.

THE BANKS AS PROMOTORS OF COMPETITION.

A heavy company failure occurred in Chicago not long since, and an investigation into its affairs showed that it had been manufacturing and selling paper at very low prices, and that the money needful to carry on the competitive warfare was supplied principally by banking institutions. The members of the company possessed but very little capital of their own, yet they conducted a large business, and for a considerable period before their failure were ambitiously engaged in weakening rival concerns by under-selling them. When a person is sinking his own capital by such an operation his conduct is less reprehensible, but when he is thus using the money of another, with not much hope of ever recovering it, what shall be said of his conduct? If this company had told the lenders what it was doing—that it was borrowing their money and sinking it with the hope of recovering it after ruining competitors—how much would have been loaned on such a prospect of payment? No bank would have loaned a dollar on such a risk. Doubtless, every lender supposed that the company was prosperous, or, at least, holding its own against its rivals. No bank would advance anything to a person who should plainly state that his object in borrowing was to get capital for the purpose of sinking it in his business with the expectation of ultimate recovery. While an individual may be justified in putting a portion of his wealth into an enterprise that is not expected to make returns for several years, a bank is not justified in lending a dollar on such a basis. It may, indeed, be justified in putting more good money with bad in order to recover that, to lend an imperiled debtor with the expectation of saving him and thus of saving its own capital; but this is quite a different thing from loaning money to a person to be sunk by him in destroying competition. Such a risk is too great, and would not knowingly be taken by a bank.

Yet it is true that unwittingly banks learn, as in the Chicago case, after an individual or company has failed, that it has been lending money for this very purpose. It learns that the excessive competition from which a business may be suffering has been intensified by its own course. It learns that in assisting one customer by lending him money which he uses in the manner mentioned, it is actually undermining the ability of another to pay his obligations. So completely are all the parts of trade linked together that a bank may, and often does, lend money to one borrower who employs it to impair the credit and ability of another borrower of the same bank to discharge his indebtedness. And if,

perchance, the money loaned to the first borrower is not thus used to the injury of another borrower of the same institution, it is certain that the borrower of some other institution will surely be injured if the first borrower employs his money in ruining rivals by underselling them.

All this is plain enough; the question then is, How can banks find out what borrowers do with their money? Can they put a check on such modes of doing business? It is, of course, certain that no bank loans its money with the expectation of losing it, but for the purpose of gain. It will not lend money if it is to be used in this way. Common prudence would lead a bank to decline such loans. But how can it tell how its money is to be used and who is to be affected? Suppose, in the Chicago case, the banks which loaned to the failed paper concern, whose methods we are criticising, had asked for a statement of the amounts and prices of its sales of paper, what would this have shown? That the concern was selling its paper far below market rates. What would that fact signify? That the concern was sinking the money it borrowed. How long would the banks have continued their loans after such a revelation? The answer is easy.

From this consideration of the subject, two things are seen which may be of some worth. First, in many kinds of business it is not difficult to find out pretty accurately the cost of products; and second, when they are sold below cost, somebody must lose money. In this paper case, for example, it was easy enough to find out the cost of paper, and the minimum price at which a manufacturer could afford to sell it. It was easy, too, to learn through the ordinary quotations in the newspapers at what price paper was selling. If it appeared from these that somebody was selling at a loss, then it behooved every bank which was lending to a paper manufacturer to inquire whether its customer was selling at a loss, and if he was, to protect itself from injury. Thus banks, in many cases, can learn at what figures their customers can afford to do business; and through the newspapers and other sources, whether business is done at such figures, and when it is not; they may also learn by inquiry whether their customers are among the losers. Some banks are very systematic in making such investigations; others trust to the reputation and credit of their customers. It need hardly be said that the latter method ought to be supplemented by investigations into the business and profits of their customers whenever this can be done. The expenditure of time, and occasionally of money, for this purpose would probably save many a bank from losses. More can be learned concerning the credit of men and the profits and losses of business in many regards than formerly, and a bank should use every lawful method to render its loaning operations as safe as possible.

THE BANKRUPTCY LAW.

There is no law in England which has proved so unsatisfactory to the commercial community as the law of bankruptcy, and yet there is no law affecting civilized communities that is much older, and has so simple an object in view, namely: the settlement of an insolvent debtor with his creditors.

A noticeable feature in relation to the subject has been the ever-changing opinions evolved by the English legislature. Before 1831, creditors had full control of the administration of bankrupts' estates, and the complaint then was that they relegated that duty to their lawyers, who, not unnaturally, too often viewed a bankruptcy in the light of a stranded vessel, of which they were the authorized wreckers. Dividends were consequently small and often long delayed. To remedy this evil, Lord Brougham introduced a measure which created official administration of a limited character, and later, in 1844, extended the principle, establishing district courts of bankruptcy with a staff of commissioners or judges, registrars, official assignees, and other officers. That system, with various modifications and amendments, existed for a period of thirty years, but its working, in course of time, produced more vicious results than any former measure, and bankrupts' estates, instead of being the prey of the lawyers, became the spoil of the officials of the court. The outcry against these abuses resulted in the passage of another act in 1861, which curtailed the duties of officials, and again empowered the creditors to administer their debtors' estates. This condition of things seemed to forebode such good results that in 1869 the district courts, with their retinue of officials, were entirely abolished. From that period until 1883, creditors had full control over the affairs of their debtors, and appointed trustees in the persons of professional accountants to administer the estates under their supervision. But this mode of administration failed to stand the glare of commercial criticism, and it too met with a condemnatory fate, chiefly in consequence of delusive, if not at times fallacious representations on the part of interested officials and other persons. The burden of such reports was, on the one hand, that there were "millions" of undistributed funds in the possession of trustees, and again, that too great facility was afforded bankrupts to rid themselves of their liabilities through the intervention of friendly creditors. In 1883, after several futile endeavors to amend the existing law, the act which is now on its trial, and known as the Chamberlain act, was passed. It is of a most sweeping character; its cardinal principles being to place the supervision of the

administration of insolvents' estates in the hands of the government and to make compulsory a public inquiry into the cause and circumstances of a bankruptcy. A short experience of this act, however, has laid bare its Draconic characteristics, and the business men at large have not been slow to evince general discontent with its theoretic proclivities. While it may be maintained that under its operation the number of actual bankruptcies has diminished, an alarming increase is shown in the number of private arrangements, all, or nearly all estates of any magnitude being "wound-up" outside the provisions of the act under private deeds, and what might be termed the dregs alone of the trading class, and men with little or no assets, remain to be dealt with in the bankruptcy court. Let us here glance at one of the effects of thus banishing would-be petitioners from the arena of the court. A debtor, unable to meet his engagements, calls his creditors together and offers a composition, of say 25 cents on the dollar; this is refused and the creditors threaten bankruptcy proceedings, whereupon the debtor sees fit to increase his offer to 50 cents, payable in two installments, 25 cents in cash and the balance in three months. His assets, however, are actually worth no more than 35 cents on the dollar. Where, then, does the remaining 15 cents come from? Most undoubtedly out of the pockets of new creditors who have no knowledge of the private arrangement alluded to, and who believe the debtor to be trading on his own resources. While a registration of these private arrangements would obviate this evil, it would, on the other hand, frustrate the main object of the framer of the act, which was, as he stated, to compel every insolvent to pass through the turnstile of bankruptcy and be publicly examined before any offer of composition could be considered by his creditors. What debtor would care to offer a composition after he had been gibbeted in a public court and his credit ruined? Further, if he offered a composition which his creditors were willing to accept, he could not obtain a discharge had he been guilty of any of the offenses specified in the act, one of which is, for example, "that he had continued to trade after knowing himself to be insolvent." Surely this is monstrous! It is said that the law of bankruptcy is founded on the doctrine that the moment a man becomes insolvent his estate belongs to his creditors, who ought then to be consulted as to the mode of administering and disposing of it; but what business man would be justified in sacrificing his own and his creditors' interests by resorting to the bankruptcy court the instant he was unable to pay 100 cents on the dollar? Such a course in nine cases out of ten could be nothing less than commercial suicide; for daily experience shows that the good name and credit of a man invariably enable him to tide over difficulties at a

time when his estate, if realized in bankruptcy, would not yield 25 cents on the dollar. In the face of such successive failures on the part of the English Government to devise a satisfactory bankruptcy act, it behooves our legislators to pause before approving any measure which bears too close an affinity to those which have already been put to the test in the mother country. A primary reason for the non-success of the various English acts has been the cumbrous machinery provided for their development. In small cases, which form the bulk of the bankruptcies, it was comparable only to "breaking a fly on a wheel," while in the larger cases it afforded too great scope for lawyers to carry on a guerrilla warfare so long as there were assets to pay costs. In fact, creditors became wearied and disgusted with waiting for their dividends and for the close of the bankruptcy. Another cause of the failure of these acts has been their destructive tendency. Every bankruptcy reformer appears to have been imbued with the idea that a requisite to success was the complete uprooting of all previous systems, and instead of eliminating from them such provisions as experience had shown to be virtuous, a brand-new act has always been insisted upon, with a new staff of officials. One evil of such legislation has been that the decisions of the law courts upon doubtful questions of bankruptcy which had been obtained at great cost to creditors, became practically valueless. Further, this class of legislation was too often inseparable from "jobbery," as every new system brought into existence snug offices for the protégés of the would-be reformers.* Lord Chancellors of high repute have systematically conferred on their sons, nephews, secretaries, clerks, and even domestic servants, valuable appointments, totally irrespective of the requisite qualifications for the office. Well might bankruptcy acts prove failures under such a dispensation. The present one is no exception to the rule, for it provides for the appointment of some sixty official receivers and other officers, who, in nearly every instance, have been the nominees of the political supporters of its promoter, and have received their appointments without regard to the special experience and qualifications indispensable to the office. Such has been an outcome of laws instituted avowedly to improve "the tone of commercial morality," to use the expression of Mr. Chamberlain, and such are examples of "the tone of patriotism" which imbued the minds of the law-makers. Apart from these causes of failure to satisfy the public requirements, there has ever been a diversity of opinion as to what length a government may

* In 1831, when the administration of bankrupts' estates was taken from creditors, a special court was established in London, and in 1844 similar courts in the country. The latter courts consisted of 12 judges called commissioners, with salaries of \$9,000 each; 12 registrars with \$5,000 each, 24 official assignees, paid by fees which in some instances reached \$10,000 a year each; 12 messengers, also paid by fees, \$5,000 each on an average, and 12 ushers, paid partly by salaries and partly by fees, \$2,000 each.

properly interfere in arrangements between debtors and creditors. It was wisely said by John Stuart Mill that "The tendency of public authorities to stretch their interference ought to be watched with unremitting jealousy." Hence the question whether a government should interpose in such arrangements. On this point, the opinions of eminent English jurists may, with profit, be cited. Sir George Jessel, late Master of the Rolls, said, "Where there is no criminality it has been established, by what might be called universal legislation, that an arrangement between the debtor and his creditors is the first thing to be secured, and it should be limited to the will of the contracting parties." Again, Lord Chancellor Hatherley tells us that "The principle on which all bankruptcy law ought to be framed is to leave everybody to manage their own affairs, taking every precaution against abuse," while Lord Chancellor Westbury puts the point even more strongly, saying, "If the creditors choose to grant the debtor his discharge, let that be their concern; if they wish to be indulgent and merciful to him, let them be so; it is no business of the court, but that of the creditors." The great espouser of this very cause, Lord Chancellor Eldon, expressed similar views, and we have in the present day like opinions from two leading specialists in bankruptcy, Mr. Daniel, Q. C., a judge of the county courts, and Mr. Lawrence, an eminent bankruptcy practitioner in London. The latter held that "If a man has given up all his estate to his creditors, he is entitled to his release; if he has contracted his debts fraudulently, or inconsistently with fair dealing, punish him; but if he has surrendered all he has, give him at least the opportunity of retrieving his position, and send him back into the world again with a chance of getting a living in the future, and of becoming a wiser and better man, but do not pass upon him the sentence of perpetual mercantile excommunication." As to Mr. Daniel, his opinion was, "that the interference of the government upon the ground of paramount interest in the public, is a theoretical invention for which no demands on the part of the public have ever been made, and it is essentially inquisitorial and opposed to sound public feeling." But now, forsooth, Mr. Chamberlain argues that it is the duty of parliament to improve "the general tone of commercial morality" by a public investigation into the circumstances which place a man in a position in which he approaches the law and asks to be relieved from obligations which he had voluntarily undertaken. The question is, does such exposure of irregular trading elevate a sense of commercial integrity? There can only be a negative answer. In many quarters over-trading has been assigned as the chief cause of bankruptcy, but let us for a moment look at the ordinary conditions of this over-trading, and we shall

see that the creditors are not entirely blameless. It is an indisputable fact that in eagerness for trade a creditor will afford every inducement to a debtor to re-open his account, and offer credit, perhaps, on the very day that he has accepted a nominal dividend under the debtor's recent failure. Thus the avenues of apparently renewed confidence are so wide as to become irresistible to the unfortunate debtor, and yet the government seeks to protect the creditor from the consequence of his own folly and carelessness. Then as to reckless trading and speculations. It must be remembered that the conditions of trade have undergone and are undergoing marked changes. The increased facilities of communication by telegraph and other means have fermented the spirit of competition, and old legitimate modes of trading cannot now be exercised with any hope of success. For instance, what would become of the cotton brokers of, say New York and Liverpool, if their business were to be limited to the purchase and sale of cotton on "the spot," as it is termed? They would become extinct, as their very commercial existence depends upon speculative transactions in a commodity which is non-existent. If a correct estimate could be arrived at of the number of transactions effected in imaginary, as against actual commodities, it would be startling indeed, but it may be said with safety that only a small portion of the commissions earned by brokers, to-day, is derived from sales of legitimate products, the balance representing "wind," as it has been well expressed. Nor is this class of business confined to cotton brokers, but it flourishes on the stock and other markets, and is recognized in most departments of commerce. Trade is, beyond all doubt, degenerating, and fortunes are made to-day by methods which but a generation ago would have been scouted as dishonorable in the extreme, and destructive of all sense of morality. This is a strong assertion, but who can deny its absolute truth? The eagerness and optimism of the business man of to-day stops at nothing. If he reap a harvest who will question his method? The man who makes money is winked at as a "shrewd business man," while the unlucky man, however conscientious, is ranked as a fool.

As to small traders, the command of capital, which has now grown to such an alarming extent, strengthens monopoly, and is a strong factor in his ruin, as with but limited means at his disposal, he cannot pretend to compete with such a power as capital. It is by no means improbable that the small trader, in course of time, will be swallowed up by the mammoth trading corporations which are daily being formed, and, therefore, bankruptcy legislation in his behalf needs little consideration. The question of whether any bankruptcy law at all is necessary was dealt with some years ago

by the judges of the Supreme Court in New York, at the instance of the legislature, and they reported "that, judging from their former experience and from observation in the course of their judicial duties, they were of opinion that the insolvency laws were the source of a great deal of fraud and perjury. They apprehended that the evil was incurable, and arose principally from the infirmity inherent in every system. A permanent insolvent act made purposely or expressly for the relief of the debtor, and held up daily to his view and temptation, had a powerful tendency to render him heedless in the creation of debt and careless as to its payment. It induced him to place his hopes of relief rather in contrivances for his discharge than in increased and severe exertions to perform his duty." Here the learned judges seem to have thought that the insolvency laws were solely for the relief of debtors, apparently forgetful that they contained provisions for the realization and distribution of insolvents' estates. In by-gone days, when bankrupts were consigned to prison, often remaining there for the terms of their natural lives, the progress of civilization demanded a law to ameliorate their condition, hence the inception of an act with the two-fold object of (1) relieving the debtor of his liabilities, and (2) providing for the protection and proper distribution of his estate amongst his creditors, which latter, since the practical abolition of imprisonment for debt, has been the paramount object in view.

A stumbling-block, however, to a legislative solution of the difficulties which beset any system of bankruptcy, has been the ever-recurring anxiety on the part of the legislature to maintain, as it were, a proprietary control over the discharge of the debtor. As has been seen from the authorities cited, the creditors—being beyond doubt the parties most interested—are the best judges of the conduct of their debtor, and there can be no valid reason why the question of his discharge should not be left absolutely to their discretion. With this stumbling-block removed, a bankruptcy bill of a simple character might be drawn, its main provisions being (1) to avoid voluntary settlements, and preferences in certain cases, (2) to protect a debtor's property from legal process pending an arrangement with his creditors; (3) to release a debtor, on certain conditions, from onerous contracts and obligations, and (4) to legalize arrangements by deeds of assignment, composition or inspectorship, with power to enforce their terms. It is not within the scope of this article to enter into the details of a bankruptcy bill—which are all-important in its preparation—but rather, by the exposure of the mistakes of past legislation, to suggest the lines on which new legislation in our country might proceed, so as to be a boon to the commercial community.

HY. BOLLAND.

FINANCIAL FACTS AND OPINIONS.

Land Depreciation in England.—The importation of wheat into England, especially from the United States and India, has seriously affected the value of the real estate of the kingdom. In the last volume of a work recently published, describing the events during the fifty years' reign of Queen Victoria, Sir Edward Caird gives an interesting account of the growth of these importations, the efforts of the English farmers to stem the tide of competition, their hopelessness, and the abandonment of the land for wheat raising, and the probable future of Great Britain as a wheat raising country. Lord Derby has also been describing the change which has overtaken the English farmer. The depreciation in the value of land, he thinks, is at least 30 per cent. This is an enormous sum. Some people, he says, might ascribe a part of the depression to the demand—common of late years—for higher wages, but he does not attach much importance to that, for if the laborer now gets many things which he did not in the days of our grandfathers, he does not go on the poor rates as much as formerly. The peasant cultivators of France and Italy are suffering at least as much as English farmers, and in one respect they are worse off, for their farms are frequently mortgaged. Parliament neither could nor would give back protection in any form, however disguised, but it could relieve the farmer from some part of the burden of rates, and that was the principal help he would have to look to. Parliament, too, might do something to equalize the railway charges, and it might encourage a demand for land by giving facilities to buyers on a small scale. He did not believe that farms from five to twenty acres could hold their own against larger ones, but it might be well to try the experiment. If it succeeded it would raise the price of land to something nearer its former value. In any case a cheap mode of transfer was desirable, but whether the lawyers would let the people have it remained to be seen.

India's Absorption of Gold.—A writer in the *London Economist* criticises the estimate of the amount of gold annually absorbed by India, given by an expert before the Currency Commissioner, Mr. Pixley. The latter's estimate was £8,200,000, which is more than four times the annual consumption by the United States or France. The writer gives the Indian Trade and Navigation Returns, the actual official figures of the net imports of the precious metal during the period covered by Mr. Pixley's statement, and one year

more, as it is included in the first quinquennial period—that year (1864-5), as it happens, being that of the largest recorded import of treasure into India:

NET IMPORTS OF GOLD INTO INDIA FROM 1864-5 TO 1884-5.

1864-5	Average of the five years— Annual net imports.....	£5,335,117
to 1868-9		
1869-70		
to 1873-4	“ “	3,073,775
<i>Separate Years.</i>		
1874-5	Actual net imports.....	1,873,535
1875-6	“	1,545,130
1876-7	“	207,350
1877-8	“	468,130
* {		4,094,145
1878-9	Deduct excess of gold exports over imports.....	896,173
		3,197,972
Average for the five years, 1874-9.....		639,594
1879-80	Actual net import.....	1,750,503
1880-1	“	3,664,200
1881-2	“	4,843,984
1882-3	“	4,930,870
1883-4	“	5,462,505
1884-5	“	4,671,936
		£25,323,998
— Annual average for the six years.....		£4,220,666

Thus these officially authenticated figures show that the gold imported into and retained by India for all purposes, including the gold coined by the few native States that have mints, amounted to an average annual value of £3,182,395 during fifteen years from 1864 to 1879, and £4,220,666 during the last six years of the period under notice, or £3,479,115 during the twenty-one years. It is worthy of notice that in the two years, 1885-7, the net import has been under two and a half millions. These figures are strikingly different from Mr. Pixley's, who, however, is regarded as a high authority on precious metal statistics. The varying calculations are another proof of the great difficulty, nay, impossibility of collecting any statistics which are worthy of the name. The data is so incomplete that correct figures cannot be obtained.

Raising Checks.—A somewhat noteworthy case has happened in Canada, whereby a young man, named Page, secured \$32,600 from two banks. While acting as bookkeeper for a Montreal firm, says the *Canadian Journal of Commerce*, he obtained three of the firm's checks for \$32, \$76, and \$25, which he presented at the firm's bank,

*Years of dire famine in Bombay and Madras Presidencies.

the Banque du Peuple, and which were accepted. Page then raised the twenty-five dollars to \$25,000, and asked a commission merchant to get it cashed at the Banque Jacques Cartier, where he kept his account. The merchant went to the bank, deposited the check to his credit, at once drew his own check against it, had it accepted, and asked the teller to cash it in Dominion legal tenders, which he did without hesitation, and these he gave to Page. An hour later this check formed part of the clearance sent in for collection at the Banque du Peuple. The cashier, Mr. Bousquet, noticed the unusually heavy sum called for by the Banque Jacques Cartier. On examining the slips he found that the bulk of the sum was composed of a check of C. O. Beauchemin & Fils for \$25,000, and asked the ledger keeper if he had accepted a check for such an amount. That official promptly answered in the negative, and Mr. Bousquet then asked the teller for the check. A glance sufficed to show the experienced bank manager that the check was a raised one, and a clumsily raised one at that, and seizing his hat he at once rushed round in person to the Banque Jacques Cartier and informed them of the fraud. Page, in the meantime, expecting to have twenty-four hours' start of the detectives who had been summoned, had crossed the river, and was being driven to the frontier. Nine hours later the detectives overtook and captured him and his booty. With regard to the seventy-six dollar check, this was also raised, but only to \$7,600, and consequently did not excite suspicion at the Bank of Montreal, where it was cashed in the following manner. It appears that Page had already a deposit of \$900 to his credit in the savings bank of that institution, and that he deposited the raised check in the ordinary manner, making his balance up to \$8,500. He then drew a check for \$8,400, which was cashed at once without suspicion. When captured he had only the sum of \$451 upon him, the remaining \$32,000 being found buried in a vacant lot. The prompt action of the banks contributed to the detection of the scoundrel and the recovery of the money. His sentence of fourteen years' imprisonment is as prompt as it is well-merited.

Borrowing for Public Buildings.—Paraguay, ambitious to have some elegant public buildings, has borrowed several million dollars for their erection. The desire for the buildings is commendable, but not the unwillingness of the people to pay for them. The cities of this country and abroad have indulged a good deal of this kind of thing. Of late, expenditures in this direction have been checked; but even now there is too much indulgence in things to be paid for by others. So long as people pay for what they want there is not much danger of going too far in the way of public expenditure; but when others are burdened for the gratification of

the present generation, the matter assumes a serious aspect. If Paraguay does not desire elegant buildings badly enough to pay for them, perhaps others may think so too, and not pay for them. The tendency for the public to contract debts is easily formed, but the tendency to pay them is of slower growth. Paraguay may possibly get just as much pleasure in paying its debts as in contracting them, but this has not been the experience of many States. Those who are willing to lend money for the purpose must be of an optimistic nature, or, perhaps, have so much that they hardly know what to do with it. The unwillingness of the people to tax themselves for their buildings ought to start the suspicion that perhaps they will always be just as disinclined to pay for them out of their pockets as they are now.

Gold Production.—The San Francisco *Journal of Commerce*, in reviewing the mining progress for the first six months of the year, regards the future in a hopeful way. By applying new processes to reduce stubborn ores, the last grain of gold can be extracted. By using these, therefore, the quantity of the gold product will be increased. In California, the Big Bend Tunnel, on the Feather river, will lay bare twelve and a half miles of the river bed, and it is expected to disclose a bonanza of unparalleled richness. The Feather has for ages been carrying down the debris of the mountains, a great part of which is imbedded in what formerly was its channel, and in this the accumulations of the ages, it is expected, will be found. The banks of the river are also said to be rich in gold. Drift mining is flourishing, while quartz mining is assuming an importance hitherto unknown. The way in which the Cherokee mine is being worked in Butte county suggests a method by which other mines of the same class may be worked. The tailings are impounded by a system of levees some thirty miles in length. Many tunnels are being driven to develop the different leads. In Shasta placer mining is carried on to a considerable extent, and there is no end of rich paying dirt still to be had. New discoveries are being steadily made, and sales of some locations have been made at good prices. The mines of the Pacific coast, especially those of gold and silver, will long be one of the principal sources of its wealth. This is calculated by those who know that we have enough gold and ore hills from the south end of the San Joaquin Valley to Oregon to yield twenty millions a year for two hundred years to come. The past year there has been a gold and silver yield of about eighty-five millions of dollars; this is two millions more than in 1885, and the largest ever reported. It shows that the Pacific Coast is still the home of the precious metals, a little over one-third of the minerals gold, the balance silver.

Railroad Building.—In an open letter to the President, by Henry W. Poor, suggesting what the Treasury Department should do to relieve the money market, he gives some interesting facts concerning the progress of railroad building during the year. He says that at the beginning of the year it was determined to build 12,000 miles, and that over 5,000 miles have been completed. Estimating the cost at \$20,000 a mile, the amount required will be \$240,000,000. This is an enormous increase, but Mr. Poor assures us that "the mileage that has or will be constructed in 1886 and 1887 has not been made up of speculative enterprises—of 'West Shores' and 'Nickel Plates'—but almost wholly of extensions into the newly settled portions of the country, into those lying from 1,500 to 2,000 miles from the seaboard; and for the purpose of supplying outlets for products which, but for railroads, could have no commercial value whatever. Never before in our history has the construction of railroads been conducted so legitimately and with such care and economy as in the present and past year. Every mile of the 21,000 that have been or will be built will benefit the country to an extent many times greater than its cost. If within the past year the amounts expended have been enormous and unprecedented, not a dollar too much has been expended for the good of the country, provided a disproportionate amount of money has not been drawn therefor from other legitimate enterprises, or from other departments of business and trade. The mileage constructed in 1884 equaled 3,825 miles, in 1885, 2,609 miles; the aggregate for the two years being 7,434 miles, the cost of which, at \$20,000 to the mile, equaled \$148,680,000, a sum of \$271,320,000 less than that expended for the same purpose in the two years ending with 1887." One of the features of railroad extension is that, to a large extent, it is by the older and larger companies. Railway consolidation has gone so far that there is not much chance for new concerns, for as these would be dependent on existing lines for connections, and thus quite within their power, it is not altogether prudent to construct new lines. This fact, though, is leading to safer extensions, that is, into parts of the country where they are needed, and the paralleling and blackmailing experiments having been exhausted, the new extensions, notwithstanding their magnitude, are legitimate.

Store Combinations—The Cincinnati *Commercial Gazette* says that "it is inherently probable that within the next few years some attempt will be made to carry on by means of combination the business of supplying the community with their food. So far as imperishable articles are concerned, combination in one of its phases is already taking place. There is a growing tendency toward the establishment of large retail grocery stores to take the place of

the numberless small stores that are still scattered over very thickly settled communities. Perhaps here the question of convenience may come into the reckoning and prevent an undue development of the combination theory, for most households live, so to speak, from hand to mouth, and it is, perhaps, quite as essential to be able to get supplies of groceries readily as it is to get them cheaply. But, none the less, with improved methods of distribution, the chances are that in a generation from this time, although the people of a city like Boston will have greatly increased in numbers, there will be, probably, fewer retail grocery stores than there are now." While no one questions the usefulness of the exchanger to the community, he has often demanded more than a fair compensation for his service. He has shielded himself behind his landlord and the risks attending his business. The concentration of the business of exchange has enabled middlemen to sell at greatly reduced prices and yet amass fortunes for themselves. The small shopkeeper is likely to be crowded out, but the great body of consumers will be benefited. It is not a fair use of the word tax to apply it to the middleman's price for his goods; but it has had something of the element of a tax in it when the price was excessive. The small profits of the larger dealers are quite free from that element, and notwithstanding the opposition they have encountered from small dealers, the magnitude of their business is conclusive proof that the people approve their methods of large sales at small profits.

The Treasury Policy.—Many strongly urge the Government to keep an eye on Wall street and open the Treasury gates just high enough to keep the monetary stream running in a regular unvarying way. Others as strongly oppose such a policy. These remember the old days when the Treasury department did regulate Wall street, and what happened. The experiment was not so successful as to justify a repetition of it. The Government has employment enough without trying to check the Wall street operators. It may be very commendable to try to accommodate these gentlemen, or to impede them in their nefarious business, but our opinion is that the Government can serve the country best by leaving them alone. They are unworthy of consideration. The *New York Journal of Commerce* expresses the opinion strongly "that it is no part of the duty of the Secretary, as it certainly is not one of the functions of the Federal Government, to regulate the money market in Wall street and elsewhere throughout the country, or interpose, by the use of Government funds, either to relieve a present stringency, or to prevent one that is anticipated." Whether it is a panic in stocks or a break in the prices of merchandise that is feared,

there is no call for any such official action. "As the Treasury now seeks to pay off old debts instead of contracting new ones, it is its present interest, if any argument can be drawn from its position, rather to create and increase than to lessen the demand for currency." But while Government may well leave the Wall street gentlemen to their own ways, it surely may continue to pay the national debt without fear of doing any harm to any business interest. Its action in fixing a price at which it will buy bonds is most commendable. But why stop purchases when the sinking fund requirement is satisfied? The Treasury department has taken considerable pains to show the saving effected in interest by buying bonds in advance of their maturity. But if more are bought on the same or better terms, will not a larger sum be saved? If there will be, why not continue to buy them? The policy is sure to meet the popular approval. The other day it was announced that a member of Congress proposed to introduce a bill for the repeal of the sinking fund. Very likely this will be attempted. But it must be remembered that the establishing of the sinking fund, in other words, the reduction of the public debt, was a part of the contract which the Government has made with its borrowers, and a repeal of that law would be the plainest possible violation of the agreement. We have no fear of the infringement of this contract at present; but if this were done, by and by, when the people had grown tired of paying interest, they would infringe in another way which is not so pleasant to contemplate. Let debt-paying go on without let or hindrance until the last dollar is paid, and while the people are in the mood for doing this.

The Wealth of Kansas.—The last assessment in Kansas shows that the increase during the past year was \$33,473,363.30, the total valuation being \$310,596,686.64. A noticeable feature in the report is the number of improved towns in certain counties. Sedgwick county has 43,109 unimproved lots to 6,200 that are improved. The railroad statistics furnished by this report show the railroad valuation of Kansas this year to be \$41,554,344.83, against \$32,483,776.40 last year, being an increase in twelve months of over \$9,100,000. The assessment was made at one-third of the actual value of the property—one of the defective methods which is in general vogue, notwithstanding the transparent folly of it. The lower the assessment, the higher, of course, must be the tax, as the amount to be raised to pay the various expenditures of the State cannot be changed. Kansas is one of the most prosperous States in the Union, and the increase of its wealth is due to its energy, intelligence, and splendid resources.

Canadian Public Debt.—From the official statement published in the *Canada Gazette*, the public debt of the Dominion of Canada on the 31st of August was \$273,029,561. The following are some of the details:

Liabilities—	
Payable in England.....	\$171,675,735.89
" Canada.....	18,209,640.54
Dominion Notes.....	15,219,622.06
Savings Banks.....	40,136,108.91
Temporary Loans.....	1,241,000.00
Trust Funds.....	7,035,401.32
Province Accounts.....	17,298,976.07
Miscellaneous and Banking Accounts.....	2,213,076.97
Total Gross Debt.....	\$273,029,561.76
Assets—	
Investments—Sinking Funds.....	\$19,399,483.61
Other Investments.....	9,004,157.61
Province Accounts.....	7,519,969.98
Miscellaneous and Banking Accounts.....	8,681,488.86
	<u>44,535,100.06</u>
Total Net Debt.....	228,494,461.70
" " 30th June.....	225,026,762.09
Increase of Debt.....	3,467,699.61

STATEMENT OF EXPENDITURE ON CAPITAL ACCOUNT.

Expenditure to 30th June on:	
Public Works, Railways and Canals.....	\$3,899,875.90
Dominion Lands.....	147,066.25
Subsidies to Railways.....	1,364,103.00
	<u>\$5,411,045.15</u>
Add Expenditure in July and August (for the fiscal years 1886-7 and 1887-8 on:	
Public Works, Railways and Canals.....	\$619,715.74
Dominion Lands.....	21,082.91
Railway Subsidies.....	194,077.00
*Northwest Rebellion Losses.....	793,323.45
	<u>1,628,199.10</u>
	\$7,039,244.25

Canada can doubtless pay this well enough, but the burden should not be regarded too lightly. A halt should be called, and debt-paying be begun. Not until this is done do people realize what a debt means, and it would be well, therefore, for the Canadians to pay a portion of their debt before incurring further liabilities. It may be, if they did so, that Canada would not assist with such a light heart, in railroad construction.

Southern Dearth of Capital.—A portion of the South, inhabited by two millions or more of people, is in great need of money. The *Baltimore Sun* says that "in sections that were formerly wealthy there is now no money for purposes other than the payment of taxes and the purchase of the barest necessities. The farmers, after buying a few groceries and indispensable agricultural implements,

* Of this amount, \$272,112.93 paid previous to 30th June and charged to Consolidated Fund has been transferred to this account.

have no surplus. It is with the greatest difficulty that they keep out of debt to the storekeeper for sugar, cotton cloth, queensware, and other like articles. Their produce, if sold, hardly pays its cost in labor. If they buy fertilizers to increase their product, they incur the risk of ruin in case the season is bad. Mortgages are the frequent results of enterprises of this kind. There are parts of Virginia, it is stated, where every farm is mortgaged. Improvement in modes of farming is of course impossible where the farmer is bound to the soil by the want of capital with which to carry on his operations. Books, travel, experiments, and other means of education cost money, and are therefore out of the question. The low price of Western grain and flour is always before the people to paralyze their efforts. They work hard the year round without the hope of making more than a bare living, congratulating themselves if debt is not incurred. Their buildings and fences go to ruin. They can replace what has tumbled down only so far as their own hands and those of their families are able to replace them. Retrogression is the rule, not the exception." This is an impressive illustration of the fact that when a man's debts get the best of him, it is exceedingly difficult to overcome their exhausting force. The people of this large section seem to be in a hopeless condition. In this country, so rich in natural resources, with an abundance of rich land yet undeveloped, one may wonder why they remain there; but social ties are strong enough to keep them on their decaying farms, though the more energetic do flee, leaving, however, the others in a worse and more despairing condition than they were before.

PERSONAL RESPONSIBILITY.

The absence of personal responsibility in the management of corporations has been often dwelt upon by thoughtful minds. The safety that is said to lie in the multitude of counselors has been also said to be a safety chiefly for the counselors themselves, and experience proves that for the action of an incorporated body it is practically almost impossible to hold any special individuals responsible, and men who would not individually commit an impropriety are too often induced to assent to improper acts when committed by a corporation of which they are members. The disposition to avoid one's individual responsibility for corporate acts is further encouraged by a general custom which throws a veil of secrecy over the transactions of members or directors, and according to which custom it is considered somewhat of a breach of propriety to reveal what has transpired at board meetings, or

how any particular person may have cast his vote. A curious illustration of this is found in the rule which sometimes prevails in regard to the disposition of notes offered for discount at meetings of bank directors. The note is handed by the president to the director sitting next to him, and is then passed under the table from hand to hand, and if when returned to the president it is found that someone has turned down a corner of the note, the note itself is rejected, and no one knows who put the rejected mark upon the paper. Of course there are arguments to be advanced in favor of this and similar methods of procedure, but they are merely mentioned here in order to call attention to the fact that the absence of personal responsibility is at times not only recognized, but encouraged; but there is a point at which personal responsibility should begin and should be rigidly enforced.

In general words, whenever it becomes the specific duty of anyone to do or not to do a certain act, that person should be held to a strict individual responsibility for the performance of his duty, and should not be permitted to shirk that duty upon anyone else, or to put the blame or failure upon anyone's shoulders but his own. The verdict, "Nobody to blame," has been so often rendered that it has become somewhat threadbare, and it will be necessary for those who are careless, negligent, or dishonest in the discharge of their duties to seek some other defense. Nor should ignorance be allowed as a protection to shield negligence or to cover incompetency. What a man should have known and might easily have discovered, he should in all fairness be presumed to know, and should be charged with all the proper consequences of that knowledge. If, for example, it be the duty of a bank president to examine certain loans, and he neglects to do so, and any harm comes from such neglect, the president himself should be held personally responsible for that state of affairs which his own negligence has permitted to exist. One or two salutary examples in the way of verdicts for civil damages would have a beneficial effect upon those who neglect to perform their duties, and then seek to escape the consequences of that neglect by pleading ignorance of what was going on. The law governing the duties of a president or cashier of a bank is tolerably well settled, and to the observance of this law both should be strictly held, and such, though in a less degree, is the case with bank directors. Though they serve without compensation, yet, in assuming their office, they assume with it certain definite duties which they should strictly be required to perform, and should be held responsible for any negligence in this respect. It is a well-settled principle of the law that a man is properly chargeable with the probable consequences of his own act, and a bank officer who willfully neglects to perform his duties

is fairly and justly chargeable with all the proper consequences of such negligence. The matter of examinations has already been discussed in these pages, but the duties of directors are not confined simply to making an examination of the affairs of the bank; but it is also their duty to conduct these affairs in a proper and skillful manner. It is not only their duty to ascertain whether their agents are honest and attentive, but also so to manage matters that it will be a difficult thing for their agents or officers to act otherwise than honestly and skillfully. It is no excuse for bank directors, or presidents, or cashiers to say that they did not know that such and such things were being done. It is their business to know matters and so to arrange that they could not be done; but it may be said that there has never yet been invented any system of bank bookkeeping or management which will make a dishonest man honest, or a stupid man wise; but the system can be so arranged that neither the dishonesty of the one nor the stupidity of the other can result in any material damage.

In spite of instances of dishonesty and incompetency, the fact remains that many banks have been conducted for years without conspicuous examples of one or the other. It seems almost impossible to believe that money can be stolen in enormous amounts, and no one know anything about it. The mere fact that such a thing can be done argues the fact that there is a defect in the system of management which cannot be remedied too soon. Because perfection cannot be found in this world, that is no reason why we should not try to get as near to it as possible, and experience shows that for all practical purposes we can come very near it indeed. Nothing so spurs a man to a proper performance of his duties as the knowledge that his own fortunes will be largely affected by success or failure. There is nothing like personal responsibility to quicken a man's faculties.

To borrow an illustration from a very ordinary commercial transaction, everyone knows how very careful a merchant is about indorsing promissory notes—and why? Because he knows that if the maker of the note fails to pay, he himself will have to make the amount good out of his own pocket, and, consequently, this sense of personal responsibility makes a merchant extremely careful as to the character of the paper on which he goes as an indorser. Now while it is not intended that a bank director should actually indorse all the paper that he approves at a board meeting, still, on the other hand, it cannot be denied that a director ought to be held personally responsible for paper that he has permitted to be discounted when he knew very well that it was a great and unnecessary risk. A director, for example, who constantly absents himself from board meetings without reasonable excuse, should not be heard to say that

he did not know what was being done, for it was his business to know, and if he did not intend to keep himself informed upon this point, he should resign his position and allow some one else to assume and fulfill the duties; and the same general principle will apply to all officers of banking corporations. Where duties are loose and indefinite, nothing more can be demanded than a loose and indefinite performance of them; but where duties are strictly defined, a strict performance of them should be rigidly required.

A person who is not willing to perform the duties of his position should not be permitted to assume it; but, on the other hand, having once assumed these duties, he should be required to perform them, and in the event of failure to do so, should be held to a personal accountability for the consequences of his negligence. The theory of personal responsibility is by no means a new one, but it seems to have fallen somewhat into disuse, and recent events tend to show that there is need for its vigorous enforcement. Z.

PREFERENCES UNDER THE NATIONAL BANKING LAW.

Section 5242 of the Revised Statutes provides that "all transfers of the notes, bonds, bills of exchange, or other evidences of debt owing to any national banking association, or of deposits to its credit; all assignments of mortgages, sureties on real estate, or of judgments or decrees in its favor; all deposits of money, bullion, or other valuable thing for its use, or for the use of any of its shareholders or creditors; and all payments of money to either, made after the commission of an act of insolvency, or in contemplation thereof, made with a view to prevent the application of its assets in the manner prescribed by this chapter, or with a view to the preference of one creditor to another, except in payment of its circulating notes, shall be utterly null and void: and no attachment, injunction, or execution, shall be issued against such association or its property before final judgment in any suit, action, or proceeding, in any State, county, or municipal court."

This section, except the last clause, formed the fifty-second section of the act of 1864; the last clause, providing that no attachment shall be issued against a bank in a State court before final judgment, was an amendment to the fifty-seventh section of the act of 1864, and was passed in 1873 (Ch. 269, sec. 2).

This provision of the law, it may be remarked, is general, and applies to all national banking associations (*McCracken v. Covington City National Bank*, 4 Fed. R., 602, p. 606). "It specifically prohibits,"

says Judge Finch, "all transfers of the corporate property made with a view to preferences, and so protects the creditors from any voluntary act of the bank which selects out favored individuals for payment. But the bank may be passive, and such individuals gain a preference by a suit against the corporation, preceded or accompanied by an attachment or injunction, or, after judgment, enforced by execution. These three things, therefore, were specifically prohibited by name; each being a process well known and accurately defined in the law; and without any general words to carry the prohibition beyond them." (*Corn Exchange Bank v. Blye*, 101 N. Y., 303, p. 305, affg. 37 Hun. 473.)

The phrase, "act of insolvency," in this section, "is clearly an act which would be an act of insolvency on the part of an individual banker; that is, the closing of the doors, refusal to pay depositors on demand, refusal to go on in the due course of business to transact its business as a bank, and discharge its liabilities to its creditors." (Blodgett, J., *Irons v. Manufacturers' National Bank*, 6 Biss., p. 306.)

What constitutes a preference? B., who was the executor and general manager of an estate, and also the cashier of a national bank, purchased four bills of exchange which had been accepted by the drawers, and were made payable to, and endorsed by the drawers. To pay for them, B., as executor, drew money enough from a deposit to the credit of the estate in his bank. He placed the bills in a box containing the papers of the estate, and applied the money to the drawer's indebtedness to the bank. The bank failed, and the receiver claimed the proceeds of the bills. It was held that B., in purchasing the drafts, acted as the agent of the drawers and as executor, and not as cashier, and though the bills were paid with funds which the estate had on deposit in the bank, and though B. knew at the time that the bank was insolvent, yet as the purchase was *bona fide*, and not to secure a preference for the estate over other depositors, the transaction was not a violation of the section. (*Tuttle v. Frelinghuysen*, 38 N. J., Eq. 12.)

If the officers of a bank should pay some creditors to the exclusion of others, such payments would be preferences, and would justify "the intervention of a court of equity." Says Judge Blodgett: "It was the plain intention of the banking law that all creditors should share equally, and that no preference should be allowed in favor of one creditor as against others; that the United States Government, as the guarantor of the circulating notes of the bank, is the only party that is entitled to any preference whatever; that all other creditors are to share alike. And, therefore, it would seem to follow that, if a bank is not in a condition to pay all its creditors, it can only pay them *pro rata*—that it has no right to

pay a part in full and leave others unpaid." (*Irons v. Manufacturers' National Bank*, 6 Biss., 301, p. 306.) So, too, if the directors should vote to close their bank and liquidate its indebtedness, any transfer of its assets to a creditor, for example, the payment of a certificate of deposit, thus securing to him a preference, would be regarded fraudulent, and would be void. (*National Security Bank v. Price*, 22 Fed. R., 297.)

A depositor cannot transfer his deposit to a debtor of the bank after its failure, for this would create a preference. Thus, T. owed a national bank \$35,000, and R. had a deposit there of \$44,000. The bank having failed, the next day R. assigned his deposit to Taylor. It was decided that T. could not set off the deposit against his indebtedness, as it would give a preference to a creditor after the bank's insolvency. (*Venango National Bank v. Taylor*, 56 Pa., 14.)

Whether an attachment before final judgment of the property of a national bank is prohibited by the last clause of the section under consideration is an unsettled question. In New York the prohibition is regarded as applying only to an insolvent corporation (*National Shoe and Leather Bank v. Mechanics' National Bank*, 89 N. Y., 467; *National Bank v. Colby*, 21 Wall., 609.*) Says Judge Danforth in *Robinson v. National Bank* (81 N. Y., 385), speaking for the Court of Appeals: "We concur with the general term in the opinion that these words of prohibition must be deemed to have the same relation as the other things prohibited, and apply only to insolvent corporations, or one about to become so; and that the object of the entire section is to prevent one creditor of a corporation whose assets are insufficient to meet its liability, from obtaining a preference, whether it is sought through a voluntary assignment or transfer, or payment, or the form of a legal proceeding." But if a bank is insolvent when the attachment is made it is invalid, and remains so, notwithstanding an increase of the bank's capital. (*Raynor v. Pacific National Bank*, 93 N. Y., 871.) Nor would the paying by a bank of a large amount of its debts after the issuing of an attachment prevent the bank from questioning its validity. (*Ib.*, *Market National Bank v. Pacific National Bank*, 93 N. Y., 648, affg. Hun.). But in Massachusetts and elsewhere an attachment cannot be issued against a national bank before final judgment in any proceeding in a State, county, or municipal court. (*Crocker v. Marine National Bank*, 101 Mass., 240; *Chesapeake Bank v. First National Bank*, 40 Md., 269; *Cadle v. Tracy*, 11 Blatchf.,

* In New York it was decided, in 18—, that a national bank was a foreign corporation, and liable to attachment within the meaning of the code of that State. The Court remarked that a national bank was not a foreign corporation in popular language, but was in the sense in which words were used relating to the attachment of "corporations formed under the laws of any other State, government, or country." (*Bowen v. First National Bank*, 34 How. Pr., 408.)

102; *Central National Bank v. Richland National Bank*, 52 How. Pr., 136; see *Farmers and Mechanics National Bank v. Deering*, 91 U. S., 32.)

In New York, not only may the property of a solvent bank located in the State be attached before final judgment, but also the property which may be there belonging to a bank located in another State. In *Robinson v. National Bank of New Berne* (81 N. Y., 385), the property attached belonged to a national bank of North Carolina. Judge Danforth declared that the proceeding was against the property, and not against the bank, and was lawful. The attachment was not to bring the bank into court, but to confirm Robinson's right to the property that had been attached. (See *Rhoner v. First National Bank*, 14 Hun., 126, overruling *Southwick v. First National Bank*, 7 Hun., 96; *People's Bank of New York v. Mechanics National Bank of Newark*, 62 How. Pr., 422.)

If a bank is insolvent at the time of making an attachment, and is afterward put under the control of a receiver, he can hold the property. (*National Bank v. Colby*, 21 Wall, 609.) In *Harvey v. Allen* (16 Blatchf., 29), an attachment from a State court was levied on the deposits of a bank which had failed to redeem its circulating notes, and which had been protested; but the receiver's right to them was established.

The receiver, however, cannot make a motion in court for the dissolution of an attachment, because he is not a party to the action. (*Tracy v. First National Bank*, 37 N. Y., 523; *Harvey v. Allen*, 16 Blatchf., 29.) But in New York he has authority to do so by the Code of Procedure. (*Bowen v. First National Bank*, 34 How. Pr., 408; *National Shoe and Leather Bank v. Mechanics National Bank*, 89 N. Y., 440; *Allen v. Scandinavian National Bank*, 46 How. Pr., 71; *in re Griswold*, 13 Barb., 412; *People's Bank v. Mechanics National Bank*, 62 How. Pr., 422).

A receiver can acquire no title to property in the custody of a bank which it does not own, or which has been acquired by another through attachment proceedings or in other ways. Says Finch, J.: "The receiver, by his appointment, acquires no right to property in the custody of the bank which the latter does not own, as against the real owner; and the [5242] section was plainly not intended to protect the receiver's custody as against such owner. It aims to protect the property of the bank in his hands, and not to give him arbitrary control of what the bank does not own." His rights are no greater if he dispute the title and claims to be the owner. "He might make such a claim in any case. No law makes him the inevitable stakeholder pending the litigation. He may become so by giving the needed security, and we can see no just reason why he should be exempted from that obligation which

falls upon others." (*Corn Exchange Bank v. Blye*, 101 N. Y., 303, p. 306, affg. 37 *Hun.*, 473.) Accordingly, a process may be issued against the receiver in favor of the true owner for the restoration of his property to him. (*Ib.*)

If the officers of a bank pledge its assets to prevent it from failing, can the pledgee hold them in the event of the bank's failure? In *Roberts v. Hill* (23 Fed. R., 311), the officers of a bank pledged a note to a depositor who had been allowing the institution to use his money, and who feared that he should lose it. Afterward, the bank did fail, and the receiver sought to set aside the pledge. The bank continued to do business about six weeks after the pledge was made. "Then," said Judge Wheeler, "the officers saw that the effort to maintain it was hopeless, and stopped business. Their apprehension of the condition of the bank, and motive to prevent suitable distribution of the assets, ought to be made to appear clearly, in order to justify going back so far as to the time of this pledge, and opening all pledges and payments on past debts; and their purposes and acts are to be considered in view of what they could see looking forward, and not wholly by what is apparent now, looking backward. If they saw at the time of the pledge that the bank was approaching failure, and made the pledge to keep the note out of the assets to be distributed, the pledge would be clearly void; but if they made it to prevent failure, and expecting to prevent failure, it would appear to be good. As the evidence showed that "they were using their assets to prevent failure," the pledge was sustained. At a subsequent trial the Court changed their opinion, and the pledgee was obliged to surrender his security. (24 Fed. R., 511.)

THE PUBLIC DEBTS OF EUROPE.

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XII.—KINGDOM OF SWEDEN.

The nominal capital of the public debt of Sweden amounted on December 31, 1885, to 247,069,595 crowns (1 crown=1 franc 39), or to 345,650,363 francs 40.

The expenses of the public debt in 1885 were:

For interest.....	9,636,784 crowns.
" sinking fund.....	2,202,774 "

Total11,839,558 crowns, or, 16,455,985 francs 62.

Securities have been issued as follows:

In 5 per cents.....	12,966,700 crowns.
In 4½ "	71,550,224 "
In 4 "	162,552,671 "

Total.....247,069,595 crowns.

The 5 per cent. loan was redeemed April 1, 1886.

From an approximate estimate of the Hon. Mr. Elis Sidenblad, director-general of statistics of the kingdom of Sweden, it may be considered that the entire Swedish public debt belongs:

To natives to the amount of.....	200 million crowns.
To foreigners not Frenchmen.....	20 " "
To Frenchmen.....	28 " "

The increase of the public debt of 1870 has been 130,393,768 crowns, or 181,247,337 francs 52.

The public loans have no other special guaranty than that of the State.

Of all the loans made before 1870, there remains but one, issued in 1860, which was reduced at the end of 1885 to 1,733,333½ crowns.

The details of all the public loans issued by the Swedish government since 1870, will be found following.

It should be remarked, that all these emissions were made either for constructing railroads, or for refunding old loans at a lower rate of interest. Thus quite recently the government issued a 3½ per cent. loan. The demands of foreign bankers were considerable, and exceeded all expectation.

The table of public loans contracted by the State of Sweden, since 1870, is as follows:

* Translated from the French by O. A. Bierstadt.

PUBLIC LOANS CONTRACTED BY THE STATE OF SWEDEN SINCE 1870.

	Rate per cent.	Original amount of all the obligations.	No. and value of respective obligations.	Various Remarks.
Loan of 1870 (30/9) Obligations delivered in Swedish money.	5	Kronor. 40,000,000	Series. A. 5,500 of 5,000 B. 11,900 " 1,000 C. 6,000 " 100	Amortization is by purchase of the obligations if their price is below par, if not, by drawing. The obligations issued amount to only 16,170,000 crowns. The loan is announced to be redeemed April 1, 1886.
Loan of 1872 (30/3) Obligations delivered in Swedish money.	4	Kronor. 24,000,000	Series. A. 3,000 " 5,000 B. 8,400 " 1,000 C. 6,000 " 100	Amortization is operated after a fixed plan, but the office of the public debt has reserved the right of calling by drawing, after March 30, 1882, a larger part of the obligations than the original plan allows.
Loan of 1875 (2/8) Obligations delivered in German imperial marks and Swedish kronor, at the rate of 8/9 kr. per mark.	4½	Imperial marks. 56,250,000	Series. A. 7,000 " 3,000 B. 13,000 " 1,500 C. 16,000 " 600 D. 20,500 " 300	The entire loan was made in three issues, of which the 1st, 20,250,000 m., was contracted with Messrs Erlanger & Son, the Austrian German Bank, the Anglo-Johle & Co.; the 2d, 13,000,000 m., with Messrs. Erlanger & Son and the Anglo-Austrian Bank; and the 3d, 18,000,000 m., with Messrs. Erlanger & Son. Of this last issue, obligations for 3,236,700 m. were delivered at the end of 1884. Amortization is by drawing.
Loan of 1876 (15/6) Obligations delivered in pounds sterling.	4½	Pounds sterling. 2,000,000	Series. A. 500 " 1,000 B. 1,000 " 500 C. 10,000 " 100	Of the total amount of bonds sold, £2,000,000, Messrs. C. J. Hambro & Son (London) have taken ¾, or £1,500,000. Amortization is operated on a fixed plan by purchase of bonds if their price is below the nominal capital, but if not, by drawing.
Loan of 1878 (15/6) Obligations delivered in poundssterling and in francs at the rate of 25 fr. 10=£1.	4	Pounds sterling. 1,500,000 or francs, 37,750,000	Series. A. 375 " 1,000 B. 750 " 500 C. 5,500 " 100 D. 2,000 " 50 E. 5,000 " 20	In 1878, Messrs. Hambro & Son and the Society of Deposits and Current Accounts of Paris each took ½ of the loan, or, together, £1,000,000. During 1879-1883, the rest was sold. Amortization is by purchase of obligations if their price is below par, but if not, by drawing.
Loan of 1879 (1/11) Obligations delivered in Swedish money.	4½	Kronor. 9,000,000	Series. A. 120 " 25,000 B. 210 " 10,000 C. 480 " 5,000 D. 1,500 " 1,000	Temporary loan which was redeemed in 1883.
Loan of 1880 (¼) Obligations delivered in pounds ster- ling, kronor, francs, and imperial marks at the rate of 1,815kr.=£100 =2,520 fr.= 2,040 marks.	4	Pounds sterling. 6,000,000	Series. A. 900 " 1,000 B. 2,400 " 500 C. 29,000 " 100 D. 80,000 " 20	Of this loan three issues were made, each of £2,000,000. Amortization is by drawing. The loan has been taken by an association of English, French, and German banks, as well as by two Swedish banks.

The Swedish loans quoted on the Bourse of Paris are the following:

1. 4 per cent. loan of 1878. The amount of this loan is £1,500,000. The Swedish government has reserved the disposition of £500,000 of this loan. The £1,000,000 remaining have been conceded to Messrs. Hambro & Son, of London, and to the Society of Deposits and Current Accounts of Paris.

The issue was made in London and Paris, June 12-14, 1878, at the price of 88 per cent. (or 441 francs 76 for 502 francs of capital, with exchange at 25 francs 10). On December 31, 1886, this loan was quoted at 104 per cent. The securities were admitted to quotation, August 27, 1878. The interest coupons are payable in London by Messrs. Hambro & Son; in Paris by the Society of Deposits and Current Accounts.

2. 4 per cent. loan of 1880, divided into three series or three issues of 55,440,000 francs each.

The first issue was June 3, 1880, at 492.65.

The second issue was May 24, 1881, at 497.25.

The third issue was June 4, 1883, at 497.75.

Payments on the securities are made at Paris by the Bank of Paris and of the Netherlands. These obligations, admitted to quotation April 16, 1880, July 1, 1881, July 23, 1883, and July 30, 1885, were negotiated at 530 francs about the end of December, 1886.

XIII.—KINGDOM OF NORWAY.

On the public debt of this country we have the following information, which we owe in great part to the kindness of Mr. A. N. Kiaër, director of the Central Bureau of Statistics of the kingdom of Norway, at Christiania.

On June 30, 1885, the public debt amounted to 108,638,845 crowns (1 crown=1 franc 39), or, 151,007,994.55 francs.

The securities were issued in the following forms:

In 5 per cents.....	172,000 crowns.
In 4½ per cents.....	54,941,012 "
In 4¼ per cents.....	7,000 "
In 4 per cents.....	52,773,683 "
In 3¾ per cents.....	435,686 "
In 3½ per cents.....	323,998 "
In 3 per cents.....	140,266 "

The Norwegian loans quoted on the Bourse of Paris are the following:

1. 4½ per cent. loan of 1876, of £1,320,000, conceded to Messrs. Hambro & Son, of London, and issued by them in 1876, at 96½ per cent.

This loan is redeemable from May 1, 1878, to November 1, 1916, either by purchases in the market if the price is below par, or by half-yearly drawings if the price is at par or above.

The government has reserved the right, at the expiration of ten years from January 1, 1877, of redeeming, either by purchase or by drawings, the whole or a part of the capital, which should still remain in circulation.

The securities of this loan, admitted to quotation May 28, 1879, are negotiated at from 107 to 108 per cent.

2. $4\frac{1}{2}$ per cent. loan, 1878, of £1,700,000, conceded to Messrs. Hambro & Son, issued in April, 1878, at 95 per cent., redeemable in fifty-two years, either by purchase on the Bourse or by half-yearly drawings. The government has reserved the right of redeeming this loan from January 1, 1889.

The loan, admitted to quotation March 12, 1879, sells for about 108 per cent.

3. 4 per cent. loan of 1880, of £1,156,000, conceded to Messrs. Hambro & Son and to the Comptoir d'Escompte of Paris. Issued April 12, 13, 14, 1884, at 492 francs 65 for bonds of 504 francs.

This loan is redeemable in fifty-two years; the government has reserved the right, from January 1, 1891, of redeeming the whole of this loan.

It has been quoted since June 7, 1880; the bonds of this loan are worth about 530 francs.

Using the right it had reserved, the Norwegian government has called for redemption the $4\frac{1}{2}$ per cent. loan of 1876, in order to refund it at $3\frac{1}{2}$ per cent. The Norwegian government has awarded to the house of Hambro & Son, of London, which had competed with several banking houses of Hamburg, Berlin, and Copenhagen, the issue of the loan of conversion of twenty-four million crowns (33,360,000 francs), intended for the redemption of the English $4\frac{1}{2}$ per cent. loan of £1,320,000, created in 1876.

This loan was issued in the form of a $3\frac{1}{2}$ per cent. security. A subscription was opened for it at Paris by Messrs. Hoskier & Co., but the public, insufficiently informed on the finances of Norway, and knowing only imperfectly the houses in charge of the loan, received the issue coldly.

It is probable that, ultimately, the Norwegian government will undertake the conversion of its loan of 1878.

XIV.—KINGDOM OF DENMARK.

From the information we owe to the kindness of Mr. Marius Gad, chief of the Bureau of Statistics of the kingdom of Denmark,

the nominal capital of the Danish public debt amounted, on December 31, 1885, to 197,710,000 crowns, and on March 31, 1886, according to an official statement recently published, to 194,395,436 crowns, of which 180,929,770 crowns were issued in the country. A crown being worth 1 franc 39, the debt represents, according to the figures of December 31, 1885, the sum of 274,816,000 francs. Interest and sinking fund require annually 8,955,063 crowns, or 12,445,537 francs 57, divided as follows:

For interest.....	7,458,295 crowns.
" sinking fund.....	1,496,768 "
Total.....	8,955,063 crowns.

The securities were issued in the following forms:

5 per cents.....	1,624,000 crowns.
4½ per cents.....	12,700 "
4 per cents.....	192,972,500 "
3¾ per cents.....	52,000 "
3½ per cents.....	637,600 "
3 per cents.....	496,700 "
In bonds (Danish Antilles).....	512,000 "
Life annuities, nominal capital, without interest...	1,412,300 "

Several loans have been effected abroad, in the markets of London, Amsterdam, and Antwerp, but the greater portion has been realized in the country itself. The approximate amount of securities held at home and abroad cannot be fixed.

The public debt amounted in 1870 to 233,252,000 crowns; since that time it has diminished by 35,542,000 crowns, or 49,403,380 francs.

On March 31, 1885, the Danish public debt comprised 38,628,000 crowns, redeemable in twenty years at 4 per cent.

This part of the debt has been employed by the State in paying for the stock of the railroads of Seeland purchased by the State in 1880.

The situation of the treasury has, consequently, really improved from 1870 to 1885, not by 35,542,000 crowns, but by 74,170,000 crowns. All the loans put forth by Denmark have received no special guaranty; they are guaranteed by the total resources of the budget of the country. The financial condition of Denmark is excellent; it is well to note, however, that if, for a number of years, the budget showed a surplus, that of 1887, on the contrary, presented a deficit of 9,000,000 crowns; the revenue is estimated at 53,000,000 crowns, and the expenditure at 62,000,000. This is the cause:

The extraordinary budget of 1887 exceeds 13,000,000 crowns, while for the current year it was put at only 4,700,000. Among the extraordinary expenditures figure 6,000,000 for fortifications, arms, muni-

tions, etc.; 3,500,000 for the navy; 4,000,000 for different public works, etc. The government proposes to meet the deficit foreseen by means of the surplus which previous years have left at its disposition.

There is no Danish loan quoted on the Bourse of Paris.

The 4 per cent. loan is quoted in Copenhagen at about 103 per cent.

All the Danish 4 per cent. debt will soon be refunded at $3\frac{1}{2}$ per cent.

According to a bill recently presented to the Folketing, all the 4 per cent. securities must be redeemed March 11, 1887.

The holders of the old obligations will receive $3\frac{1}{2}$ per cent. securities at the price of $98\frac{1}{2}$, as well as an allowance of $1\frac{3}{4}$ per cent.

The conversion will be announced two months in advance. The bill relating to the conversion of the debt has been referred to a commission of eleven members. If this bill is duly ratified, which does not seem doubtful, the holders of securities will have to choose, March 11, 1887, between the redemption in specie of their securities and the exchange of them for new obligations.

XV.—KINGDOM OF THE NETHERLANDS.

On December 31, 1885, the public debt of the State amounted to 1,076,230,576 Dutch florins, or to 2,260,084,209 francs 60.

The annual interest required for the debt amounts to 33,136,172 florins, or 69,586,961 francs 20.

The public debt is composed of the following kinds of securities:

<i>Kinds of Debt.</i>	<i>Nominal Capital. Florins.</i>	<i>Interest. Florins.</i>
Great Book $2\frac{1}{2}$ per cent.....	630,593,500 ..	15,764,837
" 3 per cent.....	94,655,600 ..	2,839,668
Syndicate of amortization, $3\frac{1}{2}$	9,732,000 ..	332,745
Great Book 4 per cent.....	197,128,100 ..	7,885,124
Obligations 4 per cent., 1878.....	19,085,300 ..	758,372
" 4 per cent., 1883.....	59,813,100 ..	2,392,524
" 4 per cent., 1884.....	59,700,000 ..	2,388,000
Canal Co. Amsterdam 4 per cent.....	5,519,000 ..	220,760
Floating Debt.....	— ..	500,000
Rentes of payments by officials, 4 and 3 per cent.....	— ..	172
Life annuities (law of 1814).....	— ..	750
Loans for roads at 3 per cent.....	3,976 ..	119
Rents and charges on the domain.....	— ..	38,000
On deposits.....	— ..	15,000
Total.....	—	33,136,071

These 33,136,071 florins include 600,000 florins of securities as a guaranty fund of the 15,000,000 florins of monetary notes, entered in the Great Book at $2\frac{1}{2}$ and 3 per cent.

The greater part of the Dutch public debt belongs to natives, although quite a number of securities are found in England, Belgium, France, and Germany. There is no precise information as to the amount held in France. The loan of April, 1883, was partly subscribed for in Germany, but this fact does not prove that the securities have remained in that country.

From January 1, 1850, to July 1, 1884, the public debt has diminished in capital, 217,149,239 florins, or 456,013,401 francs 90, and in interest, 5,818,037 florins, or 12,217,877 francs 70.

Since July 1, 1884, at which date end the official documents published in the *Statistical Annual* of the kingdom of Holland, a loan of 60 million florins has been concluded. The exact diminution of the debt, on Dec. 31, 1885, was consequently 157,149,239 florins, or 330,013,401 francs 90.

Since 1870 Holland has issued three loans: in 1878, 1883, 1884. All three have been contracted in 4 per cent. securities.

The first two were issued by public subscription a little below par. These two loans were covered several times over.

The loan of 1884 was sold at a fixed price to banking houses of Amsterdam at 100.50. It was afterwards disposed of by the bankers in German markets.

The Dutch loans, quoted on the Bourse of Paris, are:

The 2½ per cent. rente
The 3 per cent loan, 1844

The 4 per cent. loan, 1878
The 4 per cent. loan, 1883

1. 2½ per cent. rente. This rente is represented by inscriptions by name upon the Great Book of the public debt. The government delivers no titles to holder; but it has granted to different societies the right of issuing, on justification of the inscriptions by name, certificates to the holder, countersigned by the management of the Great Book of the public debt, and which may still be converted in names.

Thus there are Dutch certificates, because they have been issued by Dutch bankers, and French certificates issued by several French bankers, notably, Messrs. Mallet Brothers and d'Eichtal in 1834; Bischofsheim, Goldschmidt & Co. in 1850.

The coupons are payable at the Society of Deposits and Accounts Current.

This rente sells for about 75 per cent.

2. 3 per cent. loan, 1844. This loan is of 129,000,000 of Dutch florins. It was issued in 1844. It is not redeemable: the government makes redemptions, when the surplus of the budget allows of so doing.

The coupons are payable at Amsterdam, with a deduction of 1 per cent. for costs of administration, and in Paris at the price of

the day. It was admitted to quotation May 17, 1879, but is rarely negotiated. The principal market for it is at Brussels, where it is worth about 90 per cent.

3. 4 per cent. loans of 1878 and 1883. The loan of 1878 is of 43,000,000 florins; that of 1883, of 60,900,000 florins. Both were issued by the bank of Paris and of the Netherlands.

The loan of 1878 was issued at $98\frac{3}{4}$ in June, 1878.

The loan of 1883 was issued at $98\frac{3}{4}$, April 16, 1883.

The first has been quoted since May 17, 1879; the second since March 3, 1884. Their price is about 101 per cent.

The financial condition of Holland is excellent, though the country has had to suffer, like all Europe, from a falling-off in several branches of commerce and industry, and from an augmentation of military expenditures. For the budget of 1887, the ordinary expenditures are estimated at 115,743,490 florins, and the revenues at 115,077,225 florins.

The difference between the revenue and ordinary expenditures being 666,265 florins, some economy suffices to make them balance.

The extraordinary expenditures are estimated at 17,685,780 florins and the revenue at 1,220,000 florins. The liquidation of these entirely exceptional liabilities will be effected by means of the floating debt, which will be increased by 17,000,000 florins in 1887. In his recent financial statement, the Minister of Finance has remarked, that since 1871, the excess of revenue and expenditure have so alternated as to compensate one another, although the budget has been burdened with 6,000,000 a year for the charges on the debt and for great public works. Subtracting loans and increase of taxes, the ordinary revenue remains nearly stationary at 141,000,000 of florins annually.

Let us remark, in closing, that the table of the debt we publish stops at Dec. 31, 1885. The operation of conversion accomplished in 1886 has modified the financial results obtained Dec. 31, 1885. The 4 per cent. inscriptions on the Great Book of the National Debt, the 4 per cent. State bonds issued by virtue of the laws of March 16, 1883 and July 20, 1884, and finally the State obligations issued on the base of the agreement with the Society of the Canals of Amsterdam, have disappeared. These different 4 per cent. securities were converted into $3\frac{1}{2}$ per cents. The time of conversion was fixed from May 31 to June 15, 1886. All the holders who had not claimed redemption at this date were considered to have accepted the conversion. Those who, in this interval, had given notice of their acceptance of the conversion, could claim securities to bearer in lieu of their inscribed rente. An allowance of 2 per cent. was granted for the conversion of the 4 per cents. into $3\frac{1}{2}$

per cents. At the time of this operation the Dutch funds were negotiated as follows:

The 4 per cents. at 101.25	The 3 per cents. at 89½
The 3½ per cents. at 99¾	The 2½ per cents. at 74½

These same funds were negotiated at the end of December, 1886, at the following prices:

The 3½ per cents. at 99¾	The 2½ per cents. at 75¼
The 3 per cents. at 89½	

We have published in the *Rentier* of June 7, last, all the details of this refunding operation, which, by diminishing the amount of the debt at Dec. 31, 1885, has effected an economy that covers a great part of the deficit of the budget of 1887.

XVI.—KINGDOM OF BELGIUM.

We are indebted to the kindness of Mr. Leemans, the eminent director general of statistics of the Ministry of the Interior and of Public Instruction in Belgium, for the larger portion of the documents we publish upon Belgian finances. We beg leave to thank him once more here.

The financial situation of Belgium has always been followed in France with lively interest. This situation is in all respects most satisfactory, and justifies the high prices of the Belgian funds. The progress of every kind accomplished by Belgium, from the foundation of the kingdom until the present, has been very considerable. It may be judged of by a few figures. The general commerce of Belgium, which was 202,592,865 francs in 1831, amounted in 1883 to 5,410,909,004 francs. Comparing the commercial movement of Belgium and of Great Britain and Ireland with that of France and Germany, the proportional value per inhabitant is shown to be 1,044 francs 36 for Belgium, 514 francs for Great Britain and Ireland, 287 francs 39 for France, and 269 francs 40 for Germany.

The increase and density of the Belgian population deserve also to be noted: there were in 1831, 128 inhabitants for every 100 hectares; in 1884 this number amounted to an average of 194. We may add, too, that the progress of education has been very important. Of the young men drawn for military service, the proportion of educated ones in 1844 was 49.70 per cent.; in 1884 it had risen to 81.50 per cent. In two provinces this proportion is 95 and 96 per cent.*

[TO BE CONTINUED.]

* See the work of Mr. Hubert Leemans on the Progress of Belgium, in the volume published by the Statistical Society of Paris, on the occasion of the 25th anniversary of this society, p. 132 and following.

CERTIFICATE OF DEPOSIT.

SUPREME COURT OF OHIO.

Citizens' National Bank v. Brown.

Where a certificate of deposit issued by a national bank, payable to the order of the depositor, on the return of the certificate, in current funds, is lost by the payee, and the same has never been indorsed by him, he may maintain an action at law thereon against the maker, without tendering an indemnity against future liability.

DICKMAN, J. The record discloses as facts established to the satisfaction of the courts below, and which we are not disposed to call in question, that the defendant in error, on the 9th day of August 1882, deposited with the Citizens' National Bank of Cincinnati, the sum of \$1,145, and received from the bank a certificate of deposit for that amount, signed by the proper officer of the bank, bearing date as of that day, and made payable to the order of the depositor in current funds, on the return of the certificate. On the 16th day of September 1882, the defendant in error lost the certificate of deposit, and has not since found or recovered it. When lost, the certificate was not indorsed by the defendant in error; and on the 18th day of September 1882, he demanded payment thereof from the bank, but the bank refused to pay the same, unless he would first indemnify it by bond with good and sufficient sureties, against any loss which it might suffer by reason of the certificate being held or owned by some person, other than himself, who would seek to enforce against the bank the collection thereof.

The certificate was in effect a promissory note. It possessed all the requisites of a negotiable promissory note, and as such, was governed by the rules and principles applicable to that class of paper. In *Howe v. Hartness*, 11 Ohio St. 449, it was held that a certificate of deposit substantially the same as that under consideration, was a negotiable promissory note. And in *Miller v. Austen*, 13 How. (U. S.) 218, where the amount deposited with the bank was payable only to the order of the depositor, at a future day certain, upon the return of the certificate of deposit, it was recognized as the established doctrine, that a promise to deliver or to be accountable for so much money is a good bill or note; that the sum named in the certificate issued being certain and the promise direct, every reason existed why the indorser of the paper should be held responsible to his indorsee, that could prevail in cases where the paper indorsed is in the ordinary form of a promissory note; and that as such note, the State courts generally had treated certificates of deposit payable to order. The fact that the money deposited with the plaintiff in error was made payable on return of the certificate, was not such a contingency as affected the negotiable character of the instrument. (*Hunt v. Divine*, 37 Ill. 137; *Smilie v. Stevens*, 39 Vt. 315; *Bellows Falls Bank v. Rutland County Bank*, 40 Id. 377.)

In the view which we take of the case before us, it becomes unnecessary to inquire whether the certificate was overdue and payable at the time of its loss, or whether a demand before the loss of the certificate was an essential prerequisite to the maturity of the instrument, in

order to determine whether one who should come into possession of it, would be subject to the equities that might exist between the bank and the depositor, and whether the bank would be secure in paying the amount of the certificate to the depositor, without exacting from him an indemnity. The certificate, though negotiable was unnegotiable when lost by the payee. It was never indorsed by him, and it becomes a subject of inquiry, whether in such case a bond of indemnity to the bank was a condition precedent to his right of recovery at law on the lost instrument.

It was said by Lord Ellenborough in *Pierson v. Hutchinson*, 2 Camp. 211, "whether an indemnity be sufficient or insufficient is a question of which a court of law cannot judge;" and by Lord Eldon, in *Ex parte Greenway*, 6 Ves. Jr. 812, "I never could understand by what authority courts of law compelled parties to take the indemnity." But the difficulty which courts of law have found in adjusting indemnities, is obviated in this State under our code of civil procedure, which settles in the same action the legal and equitable rights of the parties, altering rather the form of administering justice, than impairing in any manner the rights of the parties, whether before denominated legal or equitable. (*Lamson v. Pfaff*, 1 Hand. 449.)

If a negotiable note payable to bearer, or to order, and indorsed in blank, is lost before maturity, it is right that the maker, upon paying its contents, should be made secure against being compelled to pay the same a second time. But when the lost instrument is not payable to bearer, or is payable to order and is unindorsed by the payee, as no legal title in such a case could pass, so as to invest any one with the privileges of a *bona fide* holder in the usual course of trade, no indemnity would be necessary. If one should find a note negotiable by indorsement, and forge the indorsement, the holder by this title could make no valid claim against any one, because the written transfer would confer no title upon him. And if the finder should not forge the indorsement, his action or demand of payment must needs be in the payee's name, and the maker might then plead any judgment already rendered against him on the note in favor of the payee, or any payment thereon made by him to the payee.

Among the exceptions as to indemnity, it is said by an approved text-writer, that there are some cases in which the defendant can run no risk, and in which the plaintiff may, therefore, proceed in a court of equity or law without giving a bond of indemnity; that is, where the note is not negotiable, and where, though negotiable, it is payable to order and unindorsed, or has been specially indorsed. (*Daniel on Negotiable Instruments*, § 1481.)

The reason which permits notes never negotiable to be sued under the expeditious forms of the common law, in preference to the more tedious and expensive ones of chancery, applies, says Parsons, in his treatise on Notes and Bills, equally well to all notes which, being negotiable, have not been negotiated. The rule as laid down by Greenleaf (*Evid.*, vol. 2, § 156) is, that if the bill or other negotiable security be lost, there can be no remedy upon it by law, unless it was in such a state when lost, that no person but the plaintiff could have acquired a right to sue thereon. But if there be no danger that the defendant will ever again be liable on the bill or note, as if the indorsement were specially restricted to the plaintiff only, or if the instrument was not indorsed, the plaintiff has been permitted to recover, upon the usual secondary evidence. And Judge Story, in considering the remedy afforded in equity, and approving the rule allowing a recovery on a lost

note at law where it is not negotiable, states that the same rule will apply if the note were originally negotiable, where it has not been indorsed by the payee. (*Promissory Notes*, § 451.)

In accord with the rule holding the maker liable without indemnity, where the payee has lost a negotiable note before indorsing it, is the decision in *Thayer v. King*, 15 Ohio 242. That decision was rendered in the year 1846, and it has stood approved in this state from the day of its announcement. We find no adequate ground for now disturbing it. The court held in that case, that an action might be maintained at law on a note payable to order, and indorsed in blank, and lost after it became due. The reason for so holding will apply with equal force to the case under consideration. In the one case, it was deemed unnecessary to invoke the chancery powers of the court for an indemnity, as the maker would be protected against a double payment of the overdue lost notes, by reason of their being charged with all equities existing between himself and the owner of the paper. And in the case at bar, no bond of indemnity was necessary—the bank being protected against a second payment of the certificate of deposit, by reason of its not being indorsed before it was lost, whereby no *bona fide* holder could invalidate the equities between Brown and the bank. In referring to the contingency of a double recovery against a maker who has been compelled to pay lost negotiable paper, which had fallen into the hands of an innocent holder, who had received it before due, Read, J., in *Thayer v. King*, *supra*, says: "If former payment or recovery would be a complete bar to any subsequent payment or recovery, the reason of the rule ceases, and the objection to a recovery by the owner no longer exists. Hence, if the circumstances of the case are such that the negotiable paper can never be produced for payment a second time, or if produced would permit no right of recovery in the hands of the holder, no indemnity in such case being required to guard against a second payment, recovery may be had in a court of law. Thus, if the instrument be totally destroyed, or if it pass into the hands of the holder, charged with all the equities which exist against the original holder, the action may be at law."

Our attention has been called to leading authorities in different states in confirmation of the foregoing views—all going to establish the doctrine that an action at law may be sustained—without tendering an indemnity—on the lost note, though it be negotiable, if it appear not to have been negotiated, upon giving the usual proof necessary to let in parol evidence of a written contract.

In New York, before the enactment of provisions securing the action at law upon lost negotiable paper, upon tendering a bond of indemnity, it was said in *Pintard v. Tackington*, 10 Johns. 104, that the cases which have not permitted a recovery at law, upon negotiable paper which was merely lost, were those in which the paper had been indorsed before it was lost. And where a plaintiff declared on a promissory note payable on demand, and stated that the note had been lost, and the existence and contents of the note were proved, and it not appearing that the note was negotiable, or if negotiable, that it had in fact been negotiated, it was held that he was entitled to recover on the note. (See also *Rowley v. Ball*, 3 Cowen 303; *McNair v. Gilbert*, 3 Wend. 344.)

In *Rogers v. Miller*, 4 Scam. 333, the court say that where the note has not been indorsed at all, or has been specially indorsed, there, as no danger can arise of its falling into the hands of a *bona fide* holder, and thus fastening upon the maker a second liability, the party may recover by showing the loss of the note merely, and its contents.

In *Depew v. Wheelan*, 6 Blackf. 485, it was held, that the payee of a lost promissory note, transferable by indorsement under the statute, not having indorsed it, may maintain an action at law on it against the maker. Dewey, J., in delivering the opinion of the court, observes: "The note is averred in the declaration to be lost, but there is no averment, or proof, that it was ever indorsed by the plaintiffs. There was testimony that if it be lost, it was lost from the possession of the agent of the plaintiffs. This, we think, raises a fair presumption that they never transferred it; and of course no other holder can show title to it. The makers are in no danger of a second liability."

In *Lazell v. Lazell*, 12 Vt. 443, the court pronounces the law as well settled, that when a note not negotiable, or if negotiable by being payable to order, not negotiated, is lost, an action at law may be maintained on the note, on proof of its loss, to recover its contents.

Aborn v. Bosworth, 1 R. I. 401, was the case of the lost bill of exchange drawn upon H. and payable to A. the plaintiff, or order, on presentment. In its transmission to the agent of the plaintiff, the bill was lost on board a steamer. In an action against the drawer of the bill, in which there was a verdict for the plaintiff, Greene, C. J., charged the jury, "If you find that the bill was not destroyed, you will then determine whether the bill was unindorsed, or so indorsed that no third party could recover upon it. If the bill had no indorsement, or if it was specially indorsed to the party to whom it was sent, then no third person can interpose a claim."

In *Moore v. Fall*, 42 Maine 450, the case of *Pintard v. Tackington*, *supra*, is approvingly cited in support of the doctrine that a recovery may be had at law without furnishing an indemnity, on a lost note which is not negotiable, or which, being negotiable, has not been negotiated.

By statutory provisions in Alabama, an action is maintainable at law on a lost negotiable note, which had not been negotiated at the time of the loss. But in *Branch Bank at Mobile v. Tillman*, 12 Ala. 214, the remedy by statute was declared to be cumulative, and not designed to repeal or annul all others which were previously recognized at law. The preamble of the enactment indicates its true meaning to provide a certain remedy at law, for parties who might lose the written evidence of any debt or duty—the necessity for which is affirmed to be the uncertainty in the decisions of the courts of the State upon the subject.

It is manifest that the principal underlying the authorities to which we have heretofore referred is, that the payee or owner in an action at law against the maker on a lost negotiable instrument, need not tender to him an indemnity, if the paper when lost was in such a state that the maker would not be compelled to pay the contents again to a *bona fide* holder. The rule which, we think, should govern in the case at bar, is in keeping with the decision in *Rolt v. Watson*, 4 Bing. 273—a case overruled in England but not in America, and which, in our judgment, commends itself as an authoritative exposition of the law on the subject matter adjudicated. "The question for us," says Best, C. J., "is, whether the bill which the defendant in this cause has accepted, be an instrument which can ever rise in judgment against him? Now the jury have found expressly that the bill was unindorsed, and though payable three months after date, it has not been heard of from 1825 to 1827. There is no decision in which the party has been held to be responsible in respect of an outstanding bill unindorsed. In all the cases in which a defendant has been holden to be discharged, in respect of a supposed liability on a bill, the bill has been in such a state as to be likely to be used against him." (See *Long v. Baillie*, 2 Campb. 214 n.)

It is contended that the words "payable on return of this certificate" gave the bank the right to hold the depositor to the letter of the contract, and to refuse payment until the certificate was surrendered, or until a sufficient indemnity had been offered. We do not understand that those words import a stipulation for an indemnity in case of a failure to return the certificate, or to settle the terms upon which the payee would be entitled to his money, in the event of a loss of the instrument. Under some circumstances, an indemnity might be properly required for the maker's protection, as, where the instrument is payable to bearer, or to order, and indorsed at the time of its loss, while under other circumstances, such an indemnity might be wholly unnecessary. The words "payable on return of this certificate" cannot be construed to have an effect beyond what might be sufficient for the safety of the bank, upon its paying this certificate. At the most, the bank should not demand indemnity, when not necessary to protect itself against a second liability. A note payable to bearer requires a physical presentation of the instrument before payment, as much as a certificate of deposit "payable on its return." By the literal terms of the note, there must be a bearer of it before payment can be exacted. And yet in the light of *Thayer v. King*, *supra*, it will not be claimed that a note payable to bearer, and lost after it becomes due, cannot be collected without first producing the note or tendering an indemnity. In every promissory note there is an implied undertaking by the payee or holder to return it to the maker on payment of the money; and an express undertaking to return it could have no greater force, nor change or modify the legal effect of the instrument. As expressed by Peck, J., in *Smilie v. Stevens*, *supra*, "The return of the certificate is an act to be done with the instrument itself, contemporaneous with the payment, and is no more than would be the implied duty of the holder of a negotiable note or bill, in the absence of such stipulation; as it is the duty of the holder to deliver up a negotiable promissory note or bill, on the payment of it by the maker, as a voucher for his security, or show a sufficient excuse for not doing so." An inability to return the certificate, by reason of its loss, cannot operate as a payment or satisfaction. The maker is not thereby discharged; but the question arises as to what, if any, conditions should be imposed upon the loser, before he can recover of the maker. Having failed to return the certificate, though required to tender an indemnity in cases where the maker would not be safe in paying without such return, he should not be required to go further, and indemnify when the certificate was not negotiated at the time of its loss, and its non-delivery to the maker would not subject him to a second payment.

It is assigned as error, that the court below allowed interest on the certificate of deposit from the 18th day of September, 1882. On that day Brown requested payment, and the bank refused. It was incumbent upon him to produce and surrender the certificate, or give an adequate reason for his inability to do so. Such a reason was furnished in the loss of the certificate. As the bank, notwithstanding, deemed it advisable to withhold payment, the certificate should bear interest from the day the bank declined to pay. Judgment affirmed.

LIABILITY OF DIRECTORS.

Witters, Receiver, etc., v. Sowles and others.

CIRCUIT COURT, DISTRICT OF VERMONT.

The officers of an insolvent national bank cannot be held personally responsible to creditors for losses on loans and discounts made by them in good faith, and, as they thought at the time, for the best interests of the bank, merely because such loans and discounts appear to have been unwise and hazardous when looked back upon.

Under Rev. St. U. S., § 5,200, directors of a national bank, who make or assent to the making of a loan to any one person, of a sum exceeding one-tenth of the capital stock of the bank, become personally and individually liable for all loss sustained thereby; but where the borrower, in such a case, is also one of the directors, he is not so liable, but simply as a debtor to the bank.

Bank directors cannot be held personally liable for money paid out for dividends "to a greater amount than net profits after deducting losses and bad debts" (Rev. St. U. S., § 5,204), because there were debts bad in fact, but supposed to be good, when the dividends were declared and paid. Bad judgment on the part of the directors, as to the condition of the assets, without bad faith, does not make them individually liable.

Directors of a national bank cannot be held to the common law liability for inattention to duty as directors in not preventing a hazardous, imprudent, and disastrous loan, if such loan was made by their associates, without their knowledge, connivance, or participation.

WHEELER, J. This bank was organized and continued in existence, with a capital stock of \$100,000, under the laws of the United States relating to national banks. It failed and stopped doing business April 8, 1884, and was soon after placed in the hands of a receiver. The defendants, except Hall, Edward A. Sowles being president, and Albert Sowles cashier, were directors, with George W. Foster, now deceased, after February 11, 1880, and with H. H. Bowman until 1882, when he died, and with Hall since January 11, 1883. At the time of the failure, there were among the assets of the bank large amounts of paper, in various forms, taken for loans and discounts to one Marshall; large amounts taken for loans and discounts to Albert Sowles for his own use, and for others for whom he was surety and indorser; and to the amount of \$30,000 for loans to Edward A. Sowles. The loans and discounts to Marshall, to the amount of \$35,308.75, and all of the others, were made after February 11, 1880, and all were almost wholly uncollectable and valueless when the failure came. No dividends were declared in 1880, or in the first six months of 1881, and the bank had, July 4th, 1881, surplus and surplus funds to the amount of \$64,000, or thereabouts. A dividend of 6 per cent. was declared on that day; another, of the same amount, November 1st; another December 6th; one of 5 per cent., July 4, 1882; one of 10 per cent., December 5th, 1882; one of 3 per cent., May 1, 1883; and one of 5 per cent., November 6, 1883—all of which were paid. Some of these dividends were declared when there were not sufficient assets, in view of subsequent events, to warrant making them. This bill is brought to charge the defendants, as directors, with the losses to the bank in consequence of these bad loans and discounts, and with the amounts of these dividends taken from its assets.

The directors all resided at St. Albans, where the bank was located, except Burton, who resided at Burlington. The business of the bank was managed principally by the cashier, who was of large experience, able and competent, and of good reputation, and, until near the time of the failure, of considerable wealth. All the loans and discounts were approved of and made by him, and he voted for and concurred in all the dividends. The increase of the debt of Marshall appears to have been accomplished by bills of exchange drawn against existing values, and by the discount of business paper owned by him to such an extent as not to be in violation of any express law. Those who took part in it on behalf of the bank appear to have acted, in view of the liabilities he was already under to the bank, and of the condition of his business as then understood by them, in good faith, and as they thought would be for the best interests of the bank. They had no interest with him, nor any apparent object to accomplish by increasing his accommodations aside from taking the wisest course for the interests of the bank. As these loans and discounts have resulted, they were unwise and hazardous looked back upon, but they are to be considered as they could be looked forward to, and not from the present standpoint. In this view there is no just ground upon which any of the directors can be properly charged for that debt. *Scott v. Depeyster*, 1 Edw., Ch. 513; *Sperling's Appeal*, 71 Pa., St. 11; *Thomp. Liab. Off.* 233.

The loans to Albert Sowles, and some of those for which he became liable as surety or indorser, appear to have been in violation of the provisions of section 5200, Rev. St. U. S., by which liabilities of any person to a national bank for money borrowed in excess of one-tenth of the capital stock are prohibited. None of the directors who are living, and are defendants, are shown to have knowingly participated in or assented to any of the loans or discounts constituting the debts against him, or those for which he is liable as surety or indorser. The liability of Edward A. Sowles originated in a direct loan to him soon after February 11, 1880, of \$36,000. This loan was in excess of one-tenth of the capital stock, and in direct violation of the provisions of section 5200. All those who were then directors, which includes all the defendants except Hall, knew of and assented to this loan. This is not disputed. Section 5239 provides that if the directors of any national bank shall knowingly violate, or permit any officer, agent, or servant to violate, any of the provisions of that title, which includes section 5200, the rights, privileges, and franchises of the bank shall be forfeited; and that in cases of such violation every director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages sustained in consequence of such violation. By force of these provisions, the defendants Albert Sowles and Burton, by their participation in and assent to this loan, became liable to the bank, as now represented by the orator, for all damages in consequence of it. The loan was made to Edward A. Sowles. He procured it in his own behalf, and became liable as debtor for it. He would not appear to be liable as participating in or assenting to it on behalf of the bank. *U. S. v. Britton*, 108 U. S., 193, 2 Sup. Ct. Rep., 526.

This bill is not brought to charge the defendants for money received by them as stockholders from dividends, but for losses to the bank itself for unlawfully or wrongfully declaring dividends. By section 5204, dividends to a greater amount than net profits, after deducting losses and bad debts, are prohibited; and debts on which interest is past due and unpaid for six months, unless well secured and in process of collection, are defined to be bad debts. The assets of this bank did not so consist

of bad debts, within this definition, at the time when they were made, as to make the dividends improper. There were debts which were in fact bad in the result to an extent so great as to wipe out the profits from which dividends could be made when the later ones were declared. The defendant Burton is not shown to have participated in making the dividends. Those who did misjudged as to the value of the assets. The evidence does not warrant the conclusion that they took this method of dividing the assets of the bank among themselves when they knew that dividends could not properly be made. It is not considered, therefore, that the defendants are liable for the amount of the dividends because they were unlawfully or wrongfully declared. Whether those who received the dividends are chargeable for the amount received, on the ground that the money from which they were paid was needed to pay the liabilities of the bank, is a question not presented in this case. *Spring's Appeal*, before cited, Thomp. Liab. Off., 351; *U. S. v. Britton*, 108 U. S., 199, 2 Sup. Ct. Rep., 531.

It is strongly urged that the defendants are liable at common law for inattention to duty as directors, although not liable under the express provisions of the statutes mentioned. This ground of liability is not applicable to the Marshall debt, for the circumstances of the increase of that debt are such that those who participated in it are not found to be liable. *A fortiori*, those who did not participate are not liable for that. If there is any liability in this behalf, it must arise upon the manner of the loans to Albert Sowles, and those for which he became liable, and for some smaller loans to Edward A. Sowles, and to some others for which he became liable. There were some of these latter for which the defendant Burton became liable as surety or indorser, and from which he has become discharged in the course of the receivership. He was, and always has since been, amply good for these liabilities, and none of the directors incurred any liability for negligence in trusting to his solvency. This question is narrowed down to whether the defendants Burton and Edward A. Sowles and Hall are liable for the loans on which Albert Sowles is liable, and which were made to him, because they did not prevent these loans.

The question as to the liability of directors of national banks for mere inattention was much considered in *Movius v. Lee*, *ante*, 298, in the Northern District of New York, lately decided. It was there held that directors were not liable for the acts of their associates in which they had no part, and of which they had no knowledge, and towards which they did not connive in any manner. Upon these principles, these defendants are not liable on account of the loans to Albert Sowles, or of those for which he became liable, because they did not participate in them, nor assent to or connive at the making of them, so far as has been made to appear.

There remains the liability of the defendants Albert Sowles and Burton for the loan of Edward A. Sowles. If there were liabilities of these defendants alone, or with other defendants for other loans, or for dividends, it would be somewhat anomalous to include them in a decree with this liability, which is entirely distinct, although of the same nature. It is not necessary to consider whether the liability of directors, under such circumstances, is for the whole debt, or only for the excess; for this loan, which was \$36,000, in the first place, was reduced to \$26,000, the exact amount of the excess, December 5, 1882. It then stood in the form of drafts of Edward A. Sowles—one of \$5,000, on H. B. Weeks, due January 8; one of \$5,000, on B. C. Hall, due January 11; one of \$5,000, on H. B. Weeks, due February 8; one of \$5,000, on B. C. Hall,

due February 11; and one of \$6,000, on H. E. Lewis, due January 15, 1883.

These appear to have remained of the identical loan for which the money was passed over to him, with the full knowledge and assent of Albert Sowles and Burton, and of the other two directors now deceased. This debt was not, according to the evidence, further reduced, but was wholly lost. The damages resulting to the bank in consequence of this loan are equal to the amount of the sums due on these drafts, with interest from the times when they respectively fell due. This interest to April 6, 1887, amounts to \$6,559.33, and the whole amount of the loss or damage resulting from this loan is \$32,559.33. This money was borrowed by Edward A. Sowles to pay for stock of the bank for the purpose of securing harmony among the officers and stockholders, and it is said in evidence that the transaction was reported to the Comptroller of the Currency, and received his approval. Whether his approval extended beyond the organization of the board of directors, who had lately been constituted, does not appear. If it did, he could not, and probably did not attempt to, vary any liability imposed by express statutes. It is suggested, also, that the conduct of the receiver who preceded the plaintiff has contributed to increase the loss from the poor assets. Such, however, does not appear to be the fact, and, if it did, it would not affect the liability of any of the defendants on account of this unlawful loan, unless some part of the loss resulting from the loan was due to it. When the directors let this sum of \$36,000 of the money of the bank go into the hands of Edward A. Sowles, as money borrowed by him of the bank, they placed it outside of where the law authorized them to place it, and became liable, then and there, for the excess above the legal limit at least, and chargeable for it, if, in consequence, it should be lost. What occurred afterwards had no effect upon the liability, except as it may have varied the amount of the loss. The result is that the defendants Albert Sowles and Burton are chargeable for the amount of this loss. There is no occasion for an account of it, for the amount distinctly appears. The defendants Edward A. Sowles and Hall are not, upon these considerations, chargeable for any of the losses in this suit; but they are so connected with these matters that they do not appear to be entitled to costs.

Let a decree be entered that the defendants Albert Sowles and Burton are chargeable for the amount of the loss on the loan of \$36,000 to Edward A. Sowles, ascertained to be \$32,559.33, and that they pay that sum to the orator, with costs to be taxed, within 20 days from the entry of the decree, and that the bill be dismissed as to Edward A. Sowles and Hall, without costs.

POST-OFFICE ORDERS.

CIRCUIT COURT, DISTRICT OF COLORADO.

United States v. Stockgrowers' Nat. Bank.

A postmaster at Lewiston, Idaho, with intent to defraud the government, and without receiving any money, issued post-office orders upon the postmaster at Pueblo in favor of the Stockgrowers' Bank. He mailed the orders to the bank with a letter purporting to be written by one Wilson, and directed the bank to draw the money, and hold it subject to said Wilson's order. The bank, without knowledge of the fraud, obtained the money as directed, but in doing so acted as a principal without disclosing their agency in the matter. The Lewiston postmaster under the name of Wilson, subsequently drew the greater part of the money from the bank, and suit was afterwards brought against it by the United States to recover the money so obtained on the orders. *Held*, that the bank was liable.

BREWER, J.—The case of the United States against the Stockgrowers' National Bank is a case where the court has to traverse a field in which it finds little light from authority, and no case exactly in point. The facts are these: The postmaster at Lewiston, Idaho, seeking to defraud the government, issued certain post-office orders upon the post-office at Pueblo in favor of the Stockgrowers' Bank, the defendant here. As a matter of fact he received no money, and it was a cunningly devised and fraudulent scheme to rob the government. The post-office orders he mailed in a letter purporting to be written by one J. G. Wilson to the defendant bank, directing it to present the orders, draw the money, and hold it subject to his order. The amount which was thus drawn from the post-office was \$600, which was received, deposited, and held by it to the credit of J. G. Wilson. Shortly thereafter the Lewiston postmaster, as Wilson, drew \$500 of that amount from the bank. The other hundred dollars remained there at the time this suit was commenced. The government, in the course of time, finding these post-office orders were fraudulently issued by its postmaster at Lewiston, caused him to be arrested and prosecuted, and instituted this suit to recover from the bank the \$600 which it had received. The bank makes no claim to the hundred dollars which it has not paid over, but defends as to the \$500 which it had paid over before this suit and before notice.

Section 4,057 of the Federal statutes provides that in all cases where money has been paid out of the funds of the post-office department under the pretense that service has been performed therefor, etc., "and in all other cases where money of the department has been paid to any person in consequence of fraudulent representations, or by the mistake, collusion, or misconduct of any officer, or other employee in the postal service, the Postmaster-General shall cause suit to be brought to recover such wrong or fraudulent payment, or excess, with interest thereon." That this money was obtained wrongfully from the government is undoubted. If it is regarded as a transaction between the postmaster at Pueblo and the defendant bank, both that officer and that bank were innocent of intentional wrong. Both acted under the mistaken belief that those post-office orders were rightfully issued, and were valid obligations of the government. If it be regarded in the light of a transaction between the government on the one hand, as represented by its two postmasters, that at Lewiston and that at Pueblo, and the Stock-

growers' Bank on the other hand, then it was money wrongfully obtained from the government through the misconduct of one of its officers. In either case, within the strict words of that statute, money has been wrongfully obtained from the government by this defendant bank. But that only brings up the real difficulty in the case. An ordinary principal whose agent is guilty of wrong, but who acts within the scope of his apparent authority, is bound by such acts so far as affects innocent third parties. In other words, under these cases, the principal assumes the burden of his agent's conduct: if it is wrongful, the principal only suffers, and innocent third parties are safe. That, with perhaps certain limitations, is the universal rule applying to the doctrine of principal and agency, so far as private individuals are concerned. It is an open question under the authorities as yet whether the converse of that rule does not apply to the government and its agents. Many courts have in a general way affirmed that whatever of hardship there may be in particular instances, the general weal of the public requires that the individual, and not the government, should bear the burden of the conduct of the government's agent. It is undoubtedly true, as settled by the case of *Cooke v. U. S.*, 91 U. S., 389, that when the government descends from its position as sovereign and deals in negotiable paper, it subjects itself to the ordinary rules controlling negotiable paper, the same as any individual. But these post-office orders are not negotiable paper; they are orders drawn by one postmaster upon another, payable to a particular person not named in the order itself, unknown save as to the particular parties to the transaction—the two postmasters and the party who obtains them—so that the protection which the rules applicable to negotiable paper would lay around many transactions do not avail the defendant in this case. The strength of the defense lies in the fact that it claims to have been acting as an agent simply; it was not seeking to get money for itself from the post-office at Pueblo; it presented these orders as the agent for this unknown party, this J. G. Wilson, and for him obtained this money from the post-office; and, in obedience to the directions of its principal, transferred to him the \$500 of the money thus received.

The case of *U. S. v. Pinover*, 3 Fed. Rep. 305, contains quite a discussion of the circumstances under which an agent is relieved from responsibility. That and the cases cited therein lay down what I think is the correct rule, that one who deals with the government as an agent, or representing himself or known to be an agent, receives money as such agent, and pays it over to his principal before notice of any wrong, is protected. He has in his dealings with the government come to it as the agent of a third party, and the government has assumed to deal with him as the agent of this third party, and if it afterwards turns out that there is any wrong in the transaction—I mean a wrong not personal to the agent—the government must look to this undisclosed or disclosed principal, because it has assumed to treat with this party as an agent for some principal; but where the party deals with the government as a principal, although he may be in fact an agent, the government has a right to treat him as a principal, and say: We deal with you as a principal; we know not the fact of your agency, and we may hold you as principal.

Now these post-office orders were drawn payable to the order of the defendant bank; it presented them as its own; it obtained the money. So far as these pleadings show, neither the postmaster at Pueblo nor any government official except the wrongdoer knew otherwise than that this Stockgrowers' Bank was the principal owning or claiming this money; the party intending to appropriate this money to its own benefit. The

government dealt with it as a principal, paid the money to it as a principal, and under those circumstances, within the rule thus laid down, the government has a right to say: Although you were in fact only an agent, we did not know you as such; we dealt with you as a principal; you made no representations to us of the position which you were occupying or the agency which you now claim, and we hold you, therefore, as principal.

It is further said that a party who accepts and pays what purports to be his own paper cannot thereafter recover the money thus paid. It is his duty when the paper is presented to him, if it is a forgery, to detect it and refuse payment; and that the government, through its officer at Pueblo, accepted this, which purported to be the paper of the government, and having accepted it and paid it to a party who was innocent of wrong, is estopped from recovering.

In the case of *Cooke v. U. S.*, *supra*, certain treasury notes were received by the Sub-Treasurer at New York and paid, and when they were thereafter sent to Washington, it was discovered that they were forgeries, and the right of the government to maintain the action was sustained; the Supreme Court holding that this subordinate officer, the Sub-Treasurer in New York city, was not the one who finally represented the government so as to determine upon the genuineness and validity of this paper which was presented and paid by him.

The statutes in respect to the post-office department are meager. It says that the Postmaster-General may provide for post-office orders. It does not specifically or in terms commit the final determination of the validity of these orders to any local postmaster. So, within the reasoning of the Supreme Court in that *Cooke Case*, it seems to me that it must be held, and there are some equitable reasons for so holding, that until this matter has come to the knowledge of the department at Washington, so that there has been time for the action of the principal representative of the government in this business, there is no such estoppel as ordinarily runs from the acceptance and payment of forged paper.

There is nothing in this record, as it is now presented, from which I can say whether there was any negligence on the part of the government after the Postmaster-General at Washington had obtained cognizance of these facts. Indeed, I may say that while counsel discussed this case upon the general facts, as I have stated, yet the question is technically raised upon a demurrer to the answer, and I have had some doubts as to whether the pleadings were such that the questions were fully represented by that demurrer, or the pleadings as they stand. Certainly upon this last question I see nothing to show the time at which knowledge of these facts was brought home to the department at Washington, or notice given to the defendant; the only dates being the presentation of the post-office orders, etc., and the commencement of this suit.

I feel constrained, therefore, to sustain the demurrer to these answers. Whatever question there may come hereafter of negligence on the part of the government I think must be presented in some further pleading.

LEGAL MISCELLANY.

CONFLICT OF LAWS—CONTRACTS—GAMING.—The rule laid down in *Barnard v. Backhaus*, 52 Wis., 593, 6 N. W. Rep., 252 and 9 N. W. Rep., 595, that, "to uphold a contract for a sale and delivery of grain at a future date for a price certain, it must affirmatively and satisfactorily appear that the contract was made with an actual view to the delivery and receipt of grain, and not as an evasion of the Wisconsin statute against gaming, or a cover for a gambling transaction," does not apply to an action in the Federal courts in that State by a broker, resident in Illinois, to recover advances and commissions growing out of orders given him by a citizen of Wisconsin, to be executed on the floor of the Chicago Board of Trade. The rights of the parties to such a suit are governed by the laws of Illinois. [*Ward v. Vosburgh*, Circuit Court E. D. Wisconsin.]

CONTRACTS—GAMING—OPTIONS—INTENT—BURDEN OF PROOF—LIABILITY FOR COMMISSIONS AND ADVANCES.—Under the Illinois statutes, a simple option, reserved by the seller to himself, as to time of delivery of property within certain limits, and the settlement of differences upon such a contract, does not render the contract void as a gambling transaction. The burden of proof, in an action on such a contract by a broker for commissions and advances for settlements made by the "ringing up" process, is, therefore, upon the defendant to show the gambling intent; and it does not follow, from the fact that he himself intended no delivery, that such was the intention of the broker and of the other principal, or that deliveries were not made as a matter of fact. [*Same.*]

CUSTOM AND USAGE—"RINGING UP"—GAMING.—The custom of "ringing up," in vogue among brokers and commission merchants, is founded in commercial convenience, and when not adopted to promote a gambling transaction, is not in contravention of the law. [*Same.*]

SAME—EFFECT OF—ESTOPPEL.—A speculator who is familiar with the methods and usages of the Chicago Board of Trade is presumed, upon giving orders to his broker, a member of that body, to contract with reference thereto; and he will not be heard to set up, as a defense to a suit by the broker for commissions and advances, that the custom prevailing there, in obedience to which the advances were made, enlarged his liability under the contract. [*Same.*]

BANKS—MANAGERS' LIABILITY.—Managers of a savings bank are liable, if they participate in prohibited acts which lead to a loss, or if they promote them, or if by neglect of proper supervision they permit others to do them. [*Dodd v. Wilkinson*, N. Y. Ct. App.]

CONTRACT—BOND—AGENCY—SURETIES.—The sureties of agents doing business for an insurance company are not liable for excess of money advanced to such agents for commissions, expenses, etc., if such advances are not provided for in the contract and bond. [*Burlington, etc. Co. v. Johnson*, S. C. Ill.]

CONTRACTS—CONSIDERATION—GRAIN TRANSACTIONS.—Liabilities incurred under valid grain transactions by a commission merchant for his principal, and sufficient consideration for a note to him from the principal for the amount of the liabilities. [*Powell v. McCord*, S. C. Ill.]

GUARANTY—SURETY—NOTE—PAYMENT—PRACTICE—WITNESS.—A surety has an absolute right to pay the note when due, and proceed to sue his principal upon it. A written contract to protect the surety by a third party is an obligation to pay the debt for his benefit when due. The giving of a note in due commercial form in satisfaction of an antecedent debt is a payment thereof. Recalling a witness who has been examined and dismissed is a matter for the discretion of trial court. [*Nixon v. Beard*, S. C. Ind.]

ALTERATION OF INSTRUMENTS—HONEST INTENT—EFFECT OF SUBSEQUENT PAYMENTS.—Plaintiff, without fraudulent intent, corrected a mistake in the date of a note given by a decedent, and after such correction the deceased made two payments on said note, without being deceived by the alteration. Plaintiff had judgment for the amount due with 7 per cent. interest: *Held*, that the subsequent payments remove the presumptive effect of the alteration. [*Johnson's Estate*, S. C. Mich.]

BANKS—TRUSTS—ASSIGNMENT FOR CREDITORS.—When a bank delivers a deed for a customer, and, instead of receiving the money therefor, takes certificates of deposit issued by itself, there is a trust on its funds to that amount in the hands of the assignee for the benefit of creditors. [*Francis v. Evans*, S. C. Wis.]

BENEFIT SOCIETIES—INSURANCE—BENEFICIARY.—Benefit societies may, unless forbidden by their charters, designate by their by-laws the relatives to whom death benefits of deceased members shall be paid, in the absence of instructions by the member himself on that subject. [*Addison v. New England, etc. Assn.*, S. J. C. Mass.]

BILLS AND NOTES—INDORSEMENT—EQUITIES.—The indorsement of a note to A. though in reality A holds it merely for B, is not such an indorsement as will exclude the equities against the payee. [*Elias v. Finnegan*, S. C. Minn.]

BILLS AND NOTES—INDORSEMENT—SET-OFF—PARTNERSHIP.—A defense on a note that, when it matured, A owned it, who then owed the maker on an unsettled partnership, cannot be set up at any rate till an accounting thereon is had, and until A is made a party to the suit. [*Wilcox v. Comstock*, S. C. Minn.]

BILLS AND NOTES—PRESENTMENT—DELAY—HAND-WRITING.—In Idaho, in a suit on a note indorsed to the plaintiff after maturity, it is a question for the court, in an action against the indorser, to decide whether the delay in presenting the note for payment was unreasonable. Evidence of experts as to the handwriting of the indorser on the note, who, after the institution of the suit, have examined admittedly genuine signatures of the indorser, is admissible. [*Durnell v. Sowden*, S. C. Utah.]

BILLS AND NOTES—SUBSCRIPTION DIVERSION.—The maker of a note can claim a failure of consideration in a suit by the payee on a note subscribed for a certain purpose, when in violation of the oral agreement it has been diverted to another purpose. [*Simpson Cen. College v. Tuttle*, S. C. Iowa.]

BILLS AND NOTES—PAYMENT OF JUDGMENT BY INDORSER—EFFECT.—Payment by an indorser, who is not the payee, of a judgment on a promissory note, and the assignment to him of the judgment, will give him a good title, as against the maker and those claiming under him, to the land of the maker against which he issues an execution. [*Schleissmann v. Kallenberg*, S. C. Iowa.]

CORPORATIONS—RECORDS—STOCKHOLDERS.—The books, records and minutes of a corporation are *prima facie* evidence of its organization and existence, and that a party is a stockholder and of the state of his account relative to his stock. [*Glenn v. Orr*, S. C. N. Car.]

NEGOTIABLE NOTE—JOINT INDORSERS.—When a note has been indorsed by two persons jointly, and in an action upon it the plaintiff shows notice of the dishonor of the note to one of the indorsers only, he cannot have judgment against either. There must be a joint judgment or none at all.—[*Seligman v. Gray*, S. C. Mich.]

BILLS AND NOTES—ACCOMMODATION INDORSER—USURY—ESTOPPEL.—In a suit by an indorsee against an indorser, where it appears that the note was made at the same time that it was transferred to the plaintiff, who then knew that defendant was an accommodation indorser: *Held*, that the defendant could allege usury, though at the time of the execution of the note and mortgage given to secure it he executed a certificate and affidavit, upon which plaintiff stated he relied, stating that the note was business paper for full consideration, and subject to no defense for want of consideration, usury or otherwise. [*Lewis v. Barton*, N. Y. Ct. App.]

BILLS AND NOTES—PAYEE—DEFENSES—ACCEPTOR.—A payee of an accepted bill, who has paid value to the drawer therefor before maturity, is not affected by equities between the drawer and acceptor, and is under no duty to the acceptor to apply funds of the drawer in his hands to the payment of the bill. [*Flournoy v. First Nat'l Bank*, S. C. Ga.]

NATIONAL BANKS—MORTGAGES—ULTRA VIRES.—The defense cannot urge that the loan, to secure which the securities were given, was in excess of the amount of a loan permitted by law to the national bank. [*Mills Co. N. B. v. Perry*, S. C. Iowa.]

BILLS AND NOTES—THEFT—BONA FIDE HOLDER.—In an action by a former holder of negotiable paper against a subsequent purchaser, the burden is on the defendant to prove he is, or has succeeded to the rights of, an innocent holder, and where it is proved he took it after maturity, it will not be presumed that any prior holder succeeding the thief took it before maturity. [*Northampton Nat. Bank v. Kidder*, N. Y. Ct. App.]

NEGOTIABLE INSTRUMENTS—NOTICE OF DISHONOR—INSOLVENCY.—The notice of dishonor of a negotiable instrument may properly be addressed to an insolvent firm at its former place of business where a trustee is winding up its affairs. A notice of protest may be properly deposited in a street letter-box, and is legally mailed. [*Casco, etc. Bank v. Shaw*, S. J. C. Me.]

PROMISSORY NOTE—INDORSER—AGENCY—ESTOPPEL.—If the indorsee of a note constitute the indorser, his agent, for its collection, payment to the indorser (payee) is good. If an indorser takes up the note by giving his own note, the title to the original note vests in him. A maker of a note paying it to the wrong party, cannot rely, as an estoppel, on facts which were unknown to him and did not influence his action. [*Exchange Bank v. Johnston*, U. S. C. C. Tenn.]

TAXATION—NATIONAL BANKS—REALTY—TAXES UPON BANK SHARES.—The real estate of national banks is not taxable under the laws of Texas. The stock of national banks is taxable in proportion to its actual value. The procedure proper for a shareholder to follow, in order to have excessive taxes on his bank stock reduced to its proper proportions. [*Rosenberg v. Weeks*, S. C. Tex.]

TAXATION—DEBTS—NATIONAL BANK STOCK.—Under North Carolina laws, a person may deduct from his national bank stock his debts for purposes of taxation. [*McAden v. Mecklenberg Co.*, S. C. N. Car.]

GAMING—OPTIONS—NOTES—BONA FIDE HOLDER.—A contract for the delivery of goods in the future is valid, though there is an option as to the time of delivery. If the intention is not to deliver anything but to speculate in the rise and fall of prices, it is void, and the burden of proof is on him so alleging. A note given to brokers to protect them in such wagering contracts then pending and thereafter to be made is good in the hands of a *bona fide* holder without notice before maturity. [*Crawford v. Spencer*, S. C. Mo.]

PURE GOLD

It is a pleasant thought indeed, for the poor man to know that gold is even now still growing. Mr. Brough Smyth has shown that it can be deposited nowadays in appreciable quantities within comparatively short periods. Bits of mineralized timber and beams from the galleries of the older workings in Australian mines have been found to exhibit, under the microscope, particles of gold, intermixed with crystals of iron pyrites, all through the central parts of the wood; and this gold must, of course, have gathered there from solution in water during the few years that have elapsed since the first discovery of the precious metal in Australia. Mr. Urich similarly notes that in the gold-drifts auriferous pyrites are often found incrusting or replacing roots and twigs; and samples of such gold-bearing wood, when submitted to an assay, have yielded amounts of the pure metal varying from a few pennyweights to several ounces per ton. Mr. H. A. Thomson further mentions a specimen of pyrites which had gathered in the center of an old tree trunk, and which yielded at the rate of as much as thirty ounces.

Whether the gold and the quartz got into the veins (or rather, the fissures) laterally or from below is still a moot point among the learned in minerals. Probably both theories are more or less true. A certain amount of dissolved material may doubtless filter in under certain circumstances from surrounding rocks, and this may be the origin of a few mineral veins, both of gold or silver, and of more useful though less noble metals—nobility and usefulness being, here as elsewhere, roughly in inverse ratio to each other. But it is almost certain, according to Professor Geikie (who ought to know), that the mineral matter which makes up most metalliferous veins came from below. There is good reason to believe, indeed, that the minerals and ores which fill the fissures were introduced into their present home dissolved in steam or hot water, or even by igneous fusion and injection. It is known that at the present time mineral matters and metallic sulphides are so being deposited in fissures up which hot water rises. It is also known that one of the richest mines in Nevada, the great Comstock Lode—a perfect Tom Tiddler's ground, from which fabulous quantities of gold and silver have been extracted—is closely connected with the seething hot Steamboat Springs, in the same volcanic district, and is itself still permeated by almost boiling water. There is something highly refreshing to the orthodox mind in this modern notion that gold—that wicked metal—has thus an origin from below, and is so intimately bound up in its first beginnings with very warm regions and sulphurous exhalations.

Nothing can be more interesting than the light cast upon the appearance of gold at the surface by this volcano Nevada region. The rock at Steamboat Springs is traversed by numerous fissures, from some of which hot water issues, while others give off only clouds of steam. On the sides of these fissures a flinty incrustation is now being laid down, containing quartz crystals, iron, and other mineral matters; and in the older among them, now almost dormant as regards the hot-water apparatus, gold also occurs in small quantities. Seven miles off lies the still more ancient Comstock Lode, exactly like these modern fissures in all its main physical characteristics, but now entirely silted up throughout, and enormously rich both in gold and silver. The most interesting point about the lode, however, is this, that as the workings have descended into the bowels of the earth, the water has got constantly hotter and hotter; and now, at a depth of three thousand feet, the miners are distinctly inconvenienced by the warmth of the temperature. It is difficult to avoid the conclusion that the material which fills up the Comstock Lode was deposited there by the hot water in the same manner as at Steamboat Springs, and that the gold and silver were forced up from greater depths beneath by the semi-volcanic agency of steam and geysers. If this be so, it is easy to understand why heavy metals like gold and silver should be found so seldom in ordinary rocks, but should occur with comparative frequency in the quartz veins or other siliceous deposits of open fissures, forced up to near the surface from immense depths in the earth's interior by igneous activity.

However the gold got into the quartz, it is at any rate a matter of simple fact that all the known gold of the world has been derived sooner or later, from just such mineral veins or fissures. A great deal of our existing gold supply is obtained by crushing the quartz and then treating it mechanically or chemically, to extract the metal; the remainder is obtained from alluvial deposits, ancient or modern, into which the gold has been washed out by the agency of streams or natural water power. What man now does on the small scale with his mills and stamps, his washing and his amalgams, nature long ago did on the large scale with her lakes and rivers, her freshets and her waterfalls. In treating auriferous quartz for gold, we always begin by crushing the veinstone that contains it with powerful machinery, and then subjecting the pulverized material to the action of water, which washes away the silica suspended in its stream but lets the heavy metal sink by gravity to the bottom. Now, all the gold-bearing sands and gravels have been naturally subjected to just the same crushing process, spread out over those enormous periods of time which the geologist demands of right for every part of his exacting science. The quartz here has been pulverized and washed by natural means; the greater part of the finely powered silica has been carried away, and the lumps of gold have been left behind, more or less mixed up in the beds with sand or gravel. It is clear that gold-diggings of this latter sort must be far richer in the precious metal than the mere quartz-veins; and it is such auriferous sands and gravel that make up the better part of the wealthy Australian and Californian gold fields.

Auriferous gravels can of course only exist where auriferous quartz-veins existed before them. Without a bank to draw upon in the first place, you cannot possibly get your bullion. In California, the materials that make up the gold-bearing gravel-beds were washed down by streams and floods in the Pliocene period from the mountain-tops above, and deposited in the basins of ancient lakes and rivers now no more. But Pliocene gravel would, under natural circumstances, long since have been washed away; it has been preserved in California to the days of

Bill Nye and Jones of Calaveras by a peculiar accident which those amiable gentlemen would no doubt regard as "almost providential" for the mining interest. Toward the close of the genial Pliocene epoch, that usually well-conducted chain, the Sierra Nevada, suddenly burst forth "on the spree" into volcanic activity on a grand and generally Western American scale. Like the cowboys who "paint the town red" in their simple joy, it covered the auriferous gravels with showers of pumice, ashes, and pebbles, and finally capped the entire mass with a broad sheet of solid basalt and lava. Not only did this great prehistoric eruption overwhelm the mastodons, Pliocene lamas, and other extinct animals whose bones and teeth still pleasingly diversify the Californian diggings (giving incidental occasion to the celebrated society upon the Stanislaw), but it also buried beneath its ash and lava the famous and much-debated Calaveras skull, which, if genuine, is the oldest fragment of a human body now known to exist anywhere. The capping of lava varies from a hundred to a hundred and fifty feet in thickness, and it has preserved from erosion the subjacent gravel which would otherwise have been swept away, and so rendered possible the very existence of the California diggings and the town of San Francisco.

Besides the dubious Calaveras skull itself, other evidences of man's co-existence with the mastodon and the extinct mammals generally during the period when the auriferous gravel was being laid down are far from uncommon in the California region. Stone implements, spear-heads, mortars and ladles, all of a suspiciously high type of prehistoric workmanship for Pliocene man, have been unearthed from the gravels beneath 150 feet of solid lava under Table Mountain in Tuolumne county. If one could only believe in these remarkable implements, the date of semi-civilized humanity, even in America at least, would be pushed far back into the Pliocene period; but unfortunately the evidence is quite too good, and the workmanship of the savages is so very perfect that one can hardly refrain from serious doubts as to the remote date assigned to the arrow-heads. That the gravels themselves are of Pliocene age admits of no doubt, but were the scoops and mortars really found there? Skeptical Marquis de Nadaillac, coolest and calmest of American archaeologists, throws cold water over the whole discovery, and suggests, with the charming frankness of scientific critics, that the implements were not unearthed *in situ*—or, in other words, that somebody put them there. Such things have been, indeed, in America; things never dreamt of in the guileless philosophy of European men of science.

Curiously enough, in Australia too, the auriferous gravels are of Pliocene date, and are capped and preserved in the same manner by a thick layer of volcanic deposits. It would seem as though gold-bearing gravels in general can only occur in any quantities where they have been preserved from erosion for long periods of time by the superposition of solid beds of lava or basalt.

Whenever a river flows through country occupied either by gold-bearing quartz-veins or auriferous gravel, it naturally washes out and collects here and there in hollows of its bed nuggets and scales and grains of gold from the surrounding deposits. These river diggings form of course the richest deposits of gold to be found anywhere, for they are the siftings of the siftings; and they can be worked with the least trouble and expense, so that in all auriferous countries they form the earliest deposits to be exploited by miners. Gold collects in pot-holes in the river bed, and also behind little bars of rock, which serve as rifles to retain it from washing away. In the Yuba valley in California, after the gravel of the surface has been removed, and the solid rock on which it rests has been

reached, the gold is found in a thin layer of grains and scales over the entire flooring of the prehistoric stream. In some cases, says Mr. Phillips, the scales are so firmly inlaid upon the hard granitic bed of the ancient river course as to resemble a gilt mosaic, and the whole surface of the rock has to be worked over with a pick in order to disentangle the gold deposited in its substance. But in modern rivers the gold more often occurs in loose nuggets, dispersed through the sand and gravel banks of the occasional pools and creeks.

Gold is dispersed over almost all the world, in one or other of these various forms, either in auriferous quartz, in ancient river gravels, in modern alluvium, or on the beds of streams. In Britain, where large quantities exist in the form of sovereigns, a certain amount of local gold is found near Dolgelly, dispersed through veins of quartz, but hardly in sufficient quantities to repay crushing. In Scotland, a few of the streams in Sutherland, tributaries of the Helmsdale river, bring down small nuggets from the neighboring drift. In Ireland, gold occurs in placers among the Wicklow hills, but none has yet been discovered in the natural matrix, though a few specks have sometimes been observed on rocks in different parts of the country. Europe as a whole, however, is poor in gold. A little has at times been mined in the Thuringian Forest; considerable amounts exist in Bohemia; Hungary and Italy yield fair quantities; and a moderate amount is found in the Ural Mountains, both in original deposits and in beds of river sand. In the last named case, the specks are too small to be separately visible to the naked eye.

In Asia there is far more gold. India has a vast amount, if you can only get at it—I do not wish to encourage reckless speculation—chiefly by crushing very solid rock. Siberia also contains plenty of gold, and other outlying countries come in for their share. But where Africa's sunny fountains roll down their golden sand, or, to be more precise, on the Gold Coast and elsewhere, still richer deposits have long been known while the Transvaal just at present forms the newest Eldorado of adventurous miners and still more adventurous, not to say foolish, investors. In America there is gold in California, gold in the Rocky Mountains, gold in the Alleghanies, gold in Canada. And in Australia there is more gold still, though the yield of late years has steadily fallen off, and the mines of Victoria have begun to show symptoms of gradual exhaustion.

But the most interesting question of all about gold is, how did it come to be the root of all evil? What has made this particular yellow metal, above all other stones and minerals, the standard of value, the medium of exchange, and the object of all men's ardent devotion? In order to solve that curious problem, we must look at the origin of its use among mankind, and the gradual evolution of its employment as money.

Primitive man, hunting about in the rivers for fish and in the forests for venison, had other wants, philosophers tell us, than those of mere vulgar food and drink; the noble thirst for trinkets, the esthetic desire for personal decoration, which now gives rise to fashion plates and drapers' shops and jewelers' windows, was already vaguely alive within his swelling bosom. He adorned himself even then with necklets of bears' teeth, and shining fossils, and girdles of shell, and belts of wampum, all which things are found, in company with the white chalk and the red ochre that made primitive woman beautiful forever, among the concreted floors of the Dordogne caverns. Primitive woman was not fair to outer view, as other maidens be; on the contrary, she was no doubt distinctly dark, not to say dusky; somewhere about the precise complexion of the modern negress, her nearest surviving representative;

but already she knew how to keep in the fashion; she loved gold, as Walpole long afterwards remarked of her remote descendants, and, when she could get them, diamonds also. Ages before any other metals were smelted or manufactured into useful implements, gold and silver had attracted the attention of our savage ancestors, and probably still more of our savage ancestresses. There was every reason why this should be so. They are generally found in the native state, they have glitter and brilliancy and beauty of color, they are soft and workable and easily pierced; they can be readily strung in ingots as beads for necklets; and, at a somewhat higher grade of culture, they can be hammered with ease into rude ornaments. Hence it is not surprising that from a very early age primitive man should have prized nuggets of gold and ingots of silver for personal trinkets, just as he prized the shells and pebbles, the garnets and carnelians, the jade and crystal, the ivory and feathers, from which he manufactured his rude adornments.

Primitive people probably never went further than picking up the pretty bright water-worn nuggets which they found at times in the streams or sands; but surface gold of this sort has been discovered in use among almost all savages the whole world over, and that too in many countries, such as the West Indies, where no gold is now known to exist in workable quantities. The native supply of the rivers and gravels was probably here long ago exhausted. Almost indestructible by nature, the gold has been hoarded and handed down from generation to generation, and it is therefore in use everywhere among savage tribes in amounts out of all proportion to its natural frequency. Hence it came in time to be considered, with diamonds, rubies, and other precious stones, which are also pretty and glittering, also rare, and also almost indestructible, as a means of barter and a measure of wealth among chiefs and great people. It is the decorative use of gold which first suggests its employment as a standard of value; a mere toy, but lasting and universally prized, it comes in the end to have a mercantile value quite apart from its original purpose, and with men who would care nothing at all for it viewed as a means of personal decoration.

But why should gold in particular attain this place as civilization rises, rather than diamonds, sapphires, pearls, or amethysts? The reason is clear. Because gold can be subdivided and reunited to any required degree to suit particular prices or bargains; its value lies in its weight alone, not in the size of its individual masses. A big diamond would be useless as a piece of currency, because the value of diamonds depends largely upon their size; and if you cut a big one up into little ones, to meet special demands, you cannot get as much for all as for the lump they were first cut from. But the big nugget, Welcome Stranger, which weighed 2,268 ounces, could be coined into currency at the rate of 1,869 sovereigns to 40 lbs. weight, without its value being in any way affected. Among savage communities, where real ultimate wealth consists for the most part in slaves, cattle, and perishable goods, there is no great distinction between gold, silver, diamonds, and other precious stones, so far as standard of value is concerned; all alike are objects of great worth, but their price is calculated in heads of cattle or other really useful goods. Even in civilized Eastern countries, realized property consists largely of jewels, which are almost as much a measure of value as gold and silver. But in all truly mercantile communities the importance of a standard which can be indefinitely divided and reunited is fully recognized, and gold or silver (or both together—but this comes perilously near the bimetallic controversy) are universally employed as the medium of exchange.

At first, of course, gold was so used by weight only. But the device of weighing certain pieces of gold beforehand, in convenient sizes, and then stamping them with a recognized die, is at once so simple and so useful that it naturally suggested itself very early, and no doubt independently, in at least two places—China and India—to the human mind. The earliest Asiatic coins were bean-shaped lumps of impure gold, just marked with an anvil mark, to guarantee quantity and standard; it was only slowly that the round shape and the definite design came to form part of the notion of coinage. A hall marked ingot, so to speak, was the prime precursor of sovereigns and napoleons. Once gold assumed this first raw form of the coin, its future development into the root of all evil and the universal standard of value was quite inevitable. For such a purpose, indeed it possesses almost every conceivable native advantage. It is rare, it is limited in quantity, it has an independent worth from its use in the arts, it comprises high value in relatively small bulk, it is infinitely divisible, it can be reunited at will, it corrodes but little, and it is not liable to any great fluctuations in price, owing to the comparative steadiness in the annual output and the small relation borne by yearly increments to the total stock at any time in existence. The only one weak point it possesses—that of being easily subject to wear and tear—can be and is practically overcome by alloying it with small quantities of baser metal, which give it the requisite hardness and indestructibility. Standard gold thus produced, may be said to fulfill almost absolutely the economist's ideal of a measure of value.

Most of the gold ever mined or otherwise discovered by human beings is still probably in existence somewhere or other, either as coin jewelry, or objects of art and domestic usefulness. It is a curious thought, indeed, that the sovereigns we each carry in our pockets (when we have any) may be coined out of gold which comes down to us by infinite stages from some remote prehistoric past, through a strange succession of passing phases. It may first have been worn as one in a loose string of shapeless yellow nuggets round the dusky neck of some barbaric chieftain. Then it may have been beaten into an Etruscan corslet and exported by tawny Phœnician traders for purposes of barter to the coasts of Britain. Moulded into rude coin by Cunobelin or Carausius, it may have been stamped afresh under Alfred and William, Henry and Edward, Oliver and Anne, until at last, after bearing in turn all the foolish fat faces of the Georges, it obtained in the fullness of time the image and superscription that now appears upon it of Victoria, Queen and Empress. This sovereign here may have formed part of a Mexican ornament; that other may have dangled as a scarabæus charm on the pendent necklet of Pharaoh's daughter. Here is a napoleon that King Solomon's ships imported from Ophir; there is an Austrian ducat that once passed through antique mints as stater and daric; yonder is a five-dollar piece in whose material mingle Guinea gold and Australian nuggets, an Assyrian signet ring and a Roman aureus. Gold, in fact, being practically indestructible, the total stock existing in the world goes on perpetually in various forms from generation to generation, and makes a vast pool, only increased, as it were by dribblets, through the tributary streams of each year's accession. I ought to add that there are three ways in which gold gets actually lost for human purposes. One is by wear and tear; another is by use as gold lace, gilding, and in other irrecoverable forms; and the third is by the stopping of teeth, for which purpose a considerable amount is now said to be annually sacrificed, especially in America.

The total quantity of gold in the world—I mean in the human sense

of mined and appropriated gold—cannot even be approximately known; for the weight consumed “in the arts,” as economists love to phrase it with eighteenth century primness, scarcely admits of a definite estimate, and must no doubt, always remain an unknown quantity. One has only to think of all the gold watches, gold chains, gold rings, and gold brooches, to say nothing of bracelets, lockets, earrings, and necklets, everywhere dispersed over the face of the world, to see how relatively large a proportion of the precious metal exists in the ornamental and industrial forms. But the total gold coinage of the world has been computed, with a high degree of probability, at eight hundred million pounds sterling. Gold and silver coin together are estimated at one billion five hundred million pounds, all told; but of course the amount of silver used “in the arts”—especially in the art of making silver spoons, teapots, and entrée dishes—is vastly greater, even proportionately, than in the case of the nobler metal, for silver has real industrial uses, while gold, after all, is almost entirely valued for its mere rarity, cost of production, and consequent expensiveness. ●

At the close of the fifteenth century, it is reckoned by competent authorities that the total gold and silver currency of the world amounted only to some thirty or forty millions. Most of this must have been very ancient bullion indeed, coined over and over again many times; for the annual output of all mines was then only about £100,000. The discovery of America flooded the European market for a while with the accumulated gold and silver of Mexico and Peru; and the quantities drawn by the Spaniards from their foreign mines raised the fresh annual produce by the middle of the sixteenth century to £600,000. Shortly after, the rate of supply rose to as much as two millions yearly; and by this fresh influx the available coin of the world had been fairly quadrupled by the year 1600. Through the seventeenth century the yearly increment rose to four millions, and in the course of the eighteenth it went as high as ten, the total available coinage of the world figuring then at 380 millions. During the first half of the nineteenth century, the supply of gold began to fail, till in 1848 the discovery of the Californian gold field once more flooded the world with fresh amounts of the precious metal. The first miners on the Pacific coast of course directed their attention exclusively to the shallow placers, where the gold lay near the surface, within reach of those whose sole capital consisted of a pick and a pair of arms to wield it. Those were the days of wild and reckless fortunes, when penniless men “crept from a gutted mine” in a few weeks or so masters of a hundred thousand pounds. For many years the annual output of California stood regularly at fifteen millions. As the surface deposits became impoverished and exhausted, appliances for sluicing and collecting gold were introduced which required the employment of larger capital and increased skill. Finally the old auriferous gravel itself was attacked, and then organized companies went for the quartz-veins, which have to be treated with stamping mills and other expensive machinery. In the Bodie Mountain, the richest quartz-vein now worked, the gold, says Prof. Silliman, does not as a rule appear visibly to the naked eye at all, but is merely indicated by dark-colored stains; or, if apparent, it assumes the form of tiny rounded particles, no bigger than grains of mustard seed, and deeply imbedded in the surrounding rock. Nevertheless, in 1880 the output of gold in the United States alone amounted to about fifteen million pounds sterling, or nearly half the whole quantity known to the Greek and Roman world down to the end of the fifteenth century.

Three years later than the discovery of gold in California, the English

world was convulsed with the news that equally rich and workable beds had been discovered in the Australian colonies. During the last three months of 1851, gold to the value of half a million sterling was extracted in nuggets by rough and ready miners from the surface placers of what is now Victoria. The year after the supply rose with alarming rapidity to eight million pounds. Continuing about that figure for the next few seasons, though with an almost constant increase, it nearly touched in 1856 its maximum of twelve millions. Thence it slowly declined, as the surface deposits became gradually exhausted, and the miners had to attack the deep lava-covered gravels and the solid quartz itself, through nine, eight, seven, six, and five millions, to four in 1875, and three in 1878. It has stopped at about that figure ever since. During the whole thirty-two years which elapsed between the first discovery and 1882, the total value of gold raised from the Victorian diggings alone amounted to a trifle over 200 hundred millions. I sincerely wish I possessed the "trifle" which I have thus lightly sacrificed to a native love for round numbers; it runs up to over a million and a quarter sterling.

The gold derived from Australia alone since 1851 thus equals at least six times the whole gold and silver coinage of antiquity; and it amounts to quite half the total sum of both currencies in circulation at the beginning of the present century. Five hundred and seventy-seven million pounds' worth of the pernicious yellow stuff were added to the world's stock from all sources between 1803 and 1873. Nevertheless, economists say we still have not gold enough; and every man's private experience entirely coincides with this irrefutable scientific dictum.

How strange to think that thousands of men should be toiling daily in picking to pieces solid rock, or wading through the bed of mountain torrents, or washing the gravels of forgotten rivers, at the present day in dirt and privation, solitude and fear, all for the sake of extracting, what?—some few grains of a yellow bauble, originally prized as a gay decoration for the naked necks of dusky savages, and thence evolved by a strange concatenation of circumstances into the main object of effective desire on the part of all civilized and commercial humanity! How strange, too, that gold and gilding, crowns and coronets, guineas and medals, golden sunsets and golden opinions, gold in every form and aspect and sense, substantive or adjectival, from the golden age to Miss Kilmansegg's leg, should run through the very warp and woof of all our life, and thought, and art, and poetry; should tinge our ideas and mould our sentiments; should make an inseparable part, at every turn, of our living and our being, our thinking and our language—and yet that the gold itself on which all this vast superstructure rests should be one of the most uncommon, one of the least conspicuous, one of the most useless, one of the most insignificant of all the elements entering into the composition of this belated sublunary planet! Why, who on earth ever heard of barium? Yet barium is believed to rank next among metals to iron and manganese in abundance as a constituent of the earth's crust, while the precious metal is simply nowhere. Aluminium and calcium are held by high scientific authority to be far the most frequent metallic substances of all; gold, silver, copper, lead, tin, zinc, mercury, and the other best-known economic metals (bar iron) when put together form less than one per cent. of the minerals composing the explored portion of the shell of this planet. Strangest of all, it is this very insignificance and scarcity of gold which gives it all its interest and value; if there were just a hundred times more of it in the world, we shouldn't hear one thousandth part as much about it.—*Cornhill Magazine.*

ECONOMIC NOTES.

THE ORIGIN OF GREAT CORPORATIONS.

Machinery is now recognized as essential to cheap production. Nobody can produce effectively and economically without it, and what was formerly known as domestic manufacture is now almost obsolete. But machinery is one of the most expensive of all products, and its extensive purchase and use require an amount of capital far beyond the capacity of the ordinary individual to furnish. There are very few men in the world possessed of an amount of wealth sufficient to individually construct and own an extensive line of railway or telegraph, a first class steamship or a great factory. It is also to be remembered that for carrying on production by the most modern and effective methods, large capital is needed, not only for machinery, but also for the purchasing and carrying of extensive stocks of crude material and finished products. Sugar can now be, and generally is, refined at a profit of an eighth of a cent a pound, and sometimes as low as a sixteenth; or in other words, from eight to sixteen pounds of raw sugar must now be treated in refining, in order to make a cent; from 800 to 1,600 pounds to make a dollar; from 80,000 to 160,000 to make \$100, and so on. The mere capital requisite for providing and carrying the raw material necessary for the successful prosecution of this business, apart from all other conditions, places it, therefore, of necessity, beyond the reach of any ordinary capitalist or producer. It has been before stated that, in the manufacture of jewelry by machinery, one boy can make up 9,000 sleeve-buttons per day; four girls, also working by modern methods, can put together in the same time 8,000 collar buttons. But to run an establishment with such facilities the manufacturer must keep constantly in stock \$30,000 worth of cut ornamental stones, and a stock of cuff-buttons that represents 9,000 different designs and patterns. Hence from such conditions have grown up great corporations or stock companies, which are only forms of associated capital organized for effective use and protection. They are regarded to some extent as evils; but they are necessary, as there is apparently no other way in which the work of production and distribution, in accordance with the requirements of the age, can be prosecuted. The rapidity, however, with which such combinations of capital are organizing for the purpose of promoting industrial and commercial undertakings on a scale heretofore wholly unprecedented, and the tendency they have to crystallize into something far more complex than what has been familiar to the public as corporations, with the impressive names of syndicates, trusts, etc., also constitute one of the remarkable features of modern business methods—DAVID A. WELLS, in *Popular Science Monthly*.

RHYTHM IN COMMERCIAL AFFAIRS.

As prices fall and profits shrink, producers working on insufficient capital, or by imperfect methods, are soon obliged, in order to meet impending obligations, to force sales through a further reduction of prices; and then stronger competitors, in order to retain their markets and customers, are compelled to follow their example; and this in turn is followed by new concessions alternately by both parties, until gradually the industrial system becomes depressed and demoralized, and the weaker succumb (fail), with a greater or less destruction of capital and

waste of product. Affairs now having reached their minimum of depression, recovery slowly commences. Consumption is never arrested, even if production is, for the world must continue to consume in order that life and civilization may exist. The continued increase of population also increases the aggregate of consumption; and, finally, the industrial and commercial world again suddenly realizes that the condition of affairs has been reversed, and that now the supply has become unequal to the demand. Then such producers as have "stocks on hand" or the machinery of production ready for immediate and effective service, realize large profits; and the realization of this fact immediately tempts others to rush into production, in many cases with insufficient capital (raised often through stock companies), and without that practical knowledge of the details of their undertaking which is necessary to insure success, and the old experience of inflation and reaction is again and again repeated. Hence the explanation of the now much-talked-of "periods" or "cycles" of panic and speculation, of trade activity and stagnation. Their periodical occurrence has long been recognized, and the economic principles involved in them have long been understood. But a century ago or more, when such a state of affairs occurred in any country, it was mainly confined to such country, as was notably the case in John Law's "Mississippi Scheme," or the English "South-Sea Bubble," in the last century, or the severe industrial and financial crises which occurred in Great Britain in the earlier years of the present century—and people of other countries, hearing of it after considerable intervals, and then vaguely through mercantile correspondence, were little troubled or interested. During recent years, however, they have become less local and more universal, because the railroad, the steamship and the telegraph have broken down the barriers between nations, and, by spreading in a brief time the same hopes and fears over the whole civilized world, have made it impossible any longer to confine the speculative spirit to any one country. DAVID A. WELLS, in *Popular Science Monthly*.

GERMAN BANK EARNINGS.

Some interesting statistics, compiled from official sources, have been published respecting the business of German banks during the four years 1883 to 1886 inclusive. The returns relate to 144 institutions having in 1883 an aggregate capital of £62,890,000, and at the end of last year a capital of £64,575,000. The reserves of these banks increased from £8,756,000 in 1883, to £9,585,000 in 1886, the percentage in relation to the aggregate capital being 13.9 in the former year, and 14.9 in the latter. The average dividend varied from 6.76 per cent. in 1883 to 6.27 per cent. in 1886, and as the averages for 1885 and 1884 were 6.32 and 6.74 per cent., a regular falling off is shown. The dividends paid absorbed £4,234,000 in 1883, £4,295,000 in 1884, £4,063,000 in 1885, and £3,977,000 in the year 1886. A comparison between the Imperial Bank (Reichsbank) and the private banks shows that while the dividends of the Imperial Bank from 1883 to 1886 were 6.25, 6.25, 6.24, and 5.29 per cent. respectively, the average dividends of the private banks were 5.71, 5.35, 5.31, and 4.11 per cent. Thus the dividend of the Reichsbank fell 0.96 per cent. during four years, and the average dividend of private banks no less than 1.60 per cent. The deposit of the Reichsbank increased from £10,508,000 in 1883 to £14,513,000 last year, while those of the private banks increased only from £2,701,000 to £2,858,000, the total increase being from £13,209,000 to £17,371,000. Though the statistics show that the banking business of Germany has vastly increased, they at the same time make it clear that it is becoming less profitable.

INQUIRIES OF CORRESPONDENTS

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. REAL ESTATE SECURITY FOR A NATIONAL BANK LOAN.

A desires to make a loan from a national bank. Instead of giving personal security, he offers the bank mortgage notes indorsed by himself as collateral to secure his note. Would such collateral be legal for a bank to hold?

REPLY.—After the enactment of the national banking law the State courts uniformly held, with one exception, that a national bank could not take real estate as security for a present or future debt. But the United States Supreme Court, in the *Matthews* case (98 U. S., 621,) decided that the debtor could not raise this objection to the bank's enforcement of its obligation against him. If the bank had transcended its powers in taking such a security, the Government alone could deal with the institution for doing so and withdraw its charter. The debtor, himself, could not raise this objection. The effect of the decision is that a bank need fear nothing from the debtor, but only from the Government, in taking such a security.

The question has been again answered by the same tribunal in the case of *The National Bank v. Whitney* (103 U. S., 99). The debtor executed a mortgage to the bank providing for the payment of \$5,000 one year from date, and also declaring that it was made as collateral security for the payment of all notes which the bank at that time held against him and for his other indebtedness then due, or which thereafter should become due. The \$5,000 loan was paid, but his indebtedness, which accrued subsequently to the mortgage, amounted to a larger sum. It was contended that the mortgage to the bank, so far as it applied to future advances, was invalid because it was prohibited by the national banking law. After reviewing the case of *The National Bank v. Matthews* (98 U. S., 621), Judge Field said that "in conformity with it we must hold that the mortgage to the bank . . . is to be regarded as a valid security for the future advances to the mortgagor."

The State tribunals, since the decision in the *Matthews* case, have followed it on several occasions, though plainly intimating that they were not convinced by the reasoning of the court. One of the latest decisions is that of *Graham v. National Bank*, by the Supreme Court of New Jersey (32 N. J. Eq., 804). Says Judge Scudder: "It is obvious that these loans were made by the bank on the security of these two separate mortgages, and that the making of the notes, the payment of the money by checks, and the delivery of the mortgages duly executed as security therefor, were concurrent acts. They were not, therefore, given as security for debts previously contracted, nor were the mortgaged lands conveyed in satisfaction of debts previously contracted in the course of the dealings of the bank. These cases, therefore, stand without the authority of the statute to purchase and

hold real estate for such purpose. Each mortgage was given as security for a concurrent loan of money by discounting commercial paper. . . A late decision in the Supreme Court of the United States has given a construction of this statute and has authoritatively determined the validity of mortgages like those in controversy." Such a conveyance "is not void, but only voidable, and the sovereign alone can object. It is valid until assailed in a direct proceeding instituted for that purpose." (*Ib.* p. 807.)

Judge Andrews, also, speaking for the New York Court of Appeals says: "It is now settled that a national bank may lawfully take a mortgage to secure future indebtedness (*Simmons v. First National Bank*, 93 N. Y., 269, p. 272); the highest court in Virginia has also followed the federal construction of the law (*Wroten's Assignee v. Armat*, 31 Gratt., 228); and so has the Supreme Court of Missouri (*Thornton v. National Exchange Bank*, 71 Mo., 221). These decisions clearly settle the question with respect to the banks and borrowers. Real estate may be taken as security for present and future indebtedness. But the Government may proceed against a bank for taking such security, although no case has yet arisen, or likely to arise, so long as loans are for a short period and the real estate is taken simply for security and not for the purpose of acquiring the entire title to the same. The object of this prohibition, so one of the courts has said, was to prevent the banks from becoming landholders.

II. INTEREST.

A bank held for collection a note for \$5 000, dated March 28, 1887, payable on or before four months after date. The note therefore fell due July 28-31, 1887. The 31st of July falling on Sunday, the maker called at the bank Saturday afternoon, July 30, and tendered principal with four months and two days interest. He claimed that as the note was made payable on or before four months after date, he had the privilege of paying note when he desired. Was he right in his claim?

REPLY.—The bank writes: "Our argument was, that inasmuch as he had not tendered payment during the four months from date, but had taken two days of the grace, and because the third day of grace fell on Sunday, he could not deduct that day's interest." The rule is clearly settled that when a note is payable "on or before" a certain time, it is not due until that time. (*Mattison v. Marks*, 31 Mich., 421; *Bates v. Leclair*, 49 Vt., 229; *Jordan v. Tale*, 19 Ohio, 586; *Randolph on Com. Paper*, vol. 1, § 110, p. 147). Moreover, such a note is negotiable. This was held in *Curtis v. Horn* (58 N. Hamp., 504), in which case the note was payable "on or before the first day of May next." While a note thus written is not due before the day named, "the maker," says Judge Cooley, "may pay sooner if he shall choose, but this option, if exercised, would be a payment in advance of the legal liability to pay, and nothing more." (*Mattison v. Marks*, 31 Mich., 423). But in this instance the maker did not exercise his option, the contract expired, and he delayed payment until the period of grace. Indeed, he delayed as long during that as he could, for when the third day is Sunday, of course it must be paid the day before. How, then, can the maker claim that he paid the note on the second day of the period in order to shorten the time and to save interest? The

position is equally strong that he paid then because the law required him to do so. The period of grace expired with the second day, because the third was Sunday, and the maker must therefore pay for the period. Days of grace cover a period of days, usually three, and interest may be charged for them, but we know of no case in which the period has been divided in reckoning interest.

BOOK NOTICES.

English and American Railroads Compared. By EDWARD BATES DORSEY, C. E. New York: John Wiley & Sons. 1887.

This is an unusually interesting and able comparison of English and American railroads. Much of the matter here presented is new, and evidently has not been collected and put in this form without great labor. Comparisons are made of the costs on representative English and American roads for transporting one ton, or one passenger, one mile, distributed under the heads of maintenance of way, repairs and renewals of locomotives, total cost of motive power, etc. The comparisons, in many respects, are to the advantage of the American road; thus, the maintenance, repairs and renewals of locomotives and total cost of motive power on the London and Northwestern, is about twice as much as on the Pennsylvania, yet the latter road has one summit to cross which is 2,154 feet above the sea. The great difference of cost is said to consist principally in the different kinds of rolling stock that is used. Comparing one of the more cheaply built American roads, the Knoxville Branch of the Louisville and Nashville system, and the result is far more remarkable. While the cost of construction is \$26,464 per mile, or about one-tenth the average cost of the English roads, it is, nevertheless, operated at less cost. Mr. Dorsey says: "It would certainly pay the management of the English railroad companies to investigate the extra cost of motive power on their roads, and, if possible, remedy it. If this can be done they will be able to decrease their operating expenses 8 per cent. without making any changes whatever in their present prices. This will enable most companies to increase their dividends largely—probably over 4 per cent. For what is done in the United States ought to be done in the United Kingdom." From this glance, the reader will get an idea of the nature of Mr. Dorsey's book. It is a rich storehouse of carefully gathered facts, with many valuable deductions. No person who is interested in studying the economic aspect of railroads should be without it.

Some Great Trusts of Great Britain. By CHARLES A. CHASE, Worcester, Mass.: 1887.

In view of the large sums that have been given to educational and charitable institutions in this country, and the larger probable additions in the coming years, with the increase of wealth, this paper, containing an excellent account of the leading features of English legislation and administration relating to charitable trusts, is of considerable worth. In a future number we shall describe the more important ideas in Mr. Chase's paper.

Hand Labor in Prisons. A letter in response to an inquiry from his Excellency Oliver Ames, Governor of Massachusetts. By CARROLL D. WRIGHT, Chief of the Massachusetts Bureau of Statistics of Labor. Boston: 1887.

Problems of the Census. Opening Address before the American Social Science Association at Saratoga, Sept. 5, 1887. By CARROLL D. WRIGHT, the President of the Association

Col. Wright is peerless in this field. He has worked so long and diligently in it that he has acquired the necessary data to make deductions that are worth something, and for this reason, it is always delightful to read one of his papers. Their fullness and maturity are in marked contrast with most of the swiftly-formed opinions of persons unacquainted with the facts pertaining to social problems, and whose confidence in the truth of what they write is conclusive proof of their ignorance.

The Silver Pound and England's Monetary Policy Since the Restoration, together with the History of the Guinea, illustrated by Contemporary Documents. By S. DANA HORTON, a delegate of the United States of America to the International Monetary Conferences of 1878 and 1881. London: Macmillan & Co. 1887.

The author tells us that he wrote this work in consequence of an invitation to address the British Association for the advancement of Science on the "British Standard of Value." That address has been revised and enlarged until it finally reappears in a volume of three hundred pages—a large result, quantitatively speaking, from so small a beginning. The author says that "the results of inquiry, purely historical, into the past and present of the English standard, and of an examination of controlling general theories or principles of monetary legislation, are here presented in their bearing upon the disinherision of silver. The reason of this joinder of subjects is apparent; for those active measures of cure for existing evils, to which allusion has just been made, can be none other than the reinstatement of silver to its former position as money, by joint action of nations; and the connection between this proposal and the attitude of England toward silver is plainly vital."

The "disinherision of silver," or, for change of phrase, "the outlawry of silver," is the evil which Mr. Horton seeks to make plain and to cure. After reading his work with due care we are unable to discover, notwithstanding his industry, that he has added much of anything in the way of useful fact or reasoning to this threadbare subject. The title of his book is taking; it is not, however, an orderly history of the guinea, but rather a disarranged collection of facts and opinions. Moreover, we fear that the size of the volume will repel those who, from his outlook, most need enlightening.

BANKING AND FINANCIAL ITEMS.

KENTUCKY.—The First National Bank of Owensboro is a creditor of the Fidelity National Bank of Cincinnati. The loss amounted to \$11,209.85, of which sum it has charged off \$6,152.76, leaving \$5,057.08 as the amount to be realized from the defunct bank's assets. After this liberal "charging off" the First National has a surplus remaining of \$24,232.50, to which add \$30,000 premium for its \$150,000 of government bonds that it now carries at par, and this would give a surplus of over \$50,000. The First National has been exceedingly fortunate heretofore and is one of the strongest and best financial institutions in the city. A comparison of the statement last published with that of six months ago shows the bank is in a better condition now than then, notwithstanding its loss in the Cincinnati crash.

H. F. WILLIAMS, president of the First National Bank of Northampton, Mass. who died on the 6th of September, was highly respected as a citizen, and held various positions of trust both under the town and city governments, and was chosen president of the First National Bank last spring. He was a man of good business habits, clear headed, conservative and reliable, and his loss will be felt in the business circles of Northampton. He was a member of the Board of water Commissioners and the commissioner of the sinking fund.

ROBERT LENOX KENNEDY, for many years a prominent figure in business, charitable, and social life in New York, died on board the steamer Trave exactly four months after he had sailed on a trip for the benefit of his health. He was born and educated in New York, and when he was graduated from Columbia College he entered upon the study of the law. At the time of his death he was Vice President of the National Bank of Commerce, with which he had been connected for more than 20 years and of which he had been President for nine years. He was also President of the Lenox Library and a Director or Trustee in a large number of institutions, among which are the Chemical Bank, the Bleeker Street Bank for Savings, the New York Life and Trust Company, the Farmers' Loan and Trust Company, the Union Trust Company, the Equitable Life Assurance Society, Louisville, New-Albany and Chicago Railway Company, the United Railroads of New Jersey, the Western Union Telegraph Company, the Society Library, and the Presbyterian and New York Hospitals, having been President of the latter, and he was also an active member of the Foreign and Home Missions of the Presbyterian Church.

MIDDLETOWN, N. Y.—Receiver A. W. Blye, of the broken Middletown National Bank, has given notice that he is prepared to pay a further dividend of 15 per cent. to the creditors of the institution. The bank, it will be remembered, closed its doors insolvent and with liabilities amounting to about \$700,000 on Nov. 25, 1884. A dividend of 40 per cent. was distributed in June, 1885, and another of 15 per cent. in June, 1886, making with the present dividend a total distribution to creditors of 70 per cent. of the ascertained indebtedness. After this payment there will remain over \$160,000 due to the depositors of the bank, many of whom are seriously embarrassed in business by the locking up of their funds. It is now known that the total loss caused by the failure of the bank foots up over \$500,000, the bulk of which falls upon the stockholders. The bank was wrecked by methods similar to those employed by Fish and Ward in depleting the vaults of the Marine Bank, of New York, and by Harper and Baldwin in despoiling the Fidelity Bank, of Cincinnati. In the case of the Middletown Bank, however, unlike the two others, no step has been taken during the long period that has elapsed since the robbery was perpetrated, toward punishing the guilty parties. There is overwhelming proof that President Thomas King, in collusion with B. D. Brown, grain speculator, and others, wrecked the bank by using its funds in private speculating, but none of those implicated have been summoned to the bar of justice to answer for the offense.

OHIO.—The building now occupied by the Third National Bank of Cincinnati, and which is soon to be demolished and replaced by an elegant structure, was erected by the Bank of the Ohio Valley in the year 1860, an institution chartered under the laws of Ohio. The Third National Bank was organized June 23, 1863, and in May, 1871, the Third National Bank and the Bank of the Ohio Valley were merged. In the consolidation the name of the Third National Bank was retained, Oliver Perin became president, W. A. Goodman, vice-president, S. P. Griffith, cashier, and Ammi Baldwin, assistant cashier. Mr. Perin died on November 27, 1880, and Mr. George Wilshire was elected president, which office he resigned late in the year 1881, and Mr. William Woods, who was then vice president, officiated as president until the regular annual election, January 10, 1882, when Mr. J. D. Hearne, who was then president of the Covington City National Bank, was chosen to preside over the Third. Mr. Goodman and Mr. Griffith had previously retired from the bank, the former to become president of the National Bank of Commerce and the latter vice president of the Citizens' National Bank. It is now nobody's secret why Mr. Hearne was selected at that time. The Handy wheat deal in Chicago had been run successfully upon what was believed to be the funds belonging to the depositors of the Third National Bank, and another was about to be inaugurated. The widows and orphans, who were large stockholders and anxious to save the bank from what might eventually become a disaster, set their minds upon Mr. Hearne, and he was finally elected, not without considerable opposition, however, from the speculative element in the bank, for in his election they saw that their game would be blocked. As soon as Mr. Hearne took command he began the weeding-out process, but it was not until the spring of 1886 that the work was completed. One reason why it took so long to oust the gang was that soon after Mr. Hearne was elected the original charter of the bank expired, and he was busy in effecting a reorganization and in increasing the capital stock from \$800,000 to \$1,600,000. This being accomplished the institution became the biggest bank in Ohio. It has passed through two or three trying ordeals, the severest being the storm caused by the Handy wheat deal, and came out unscathed.—*Cincinnati Enquirer*.

FIDELITY BANK.—A bill has been filed in the U. S. Court, through Edward Colston by the First National Bank of Montgomery, Ala., against David Armstrong, Receiver of the Fidelity Bank, for the recovery of \$2,379.56. The plaintiff bank forwarded to the Fidelity for collection a bill of exchange on the American Cotton Oil Company of this city. The bill reached the Fidelity at 1 o'clock of the 20th of June, and when at the close of business on that day the bank was seized by Government officials, the amount of this bill (which was the amount here sued for) was in the cash-drawer of the bank, with a memorandum to the effect that money to that amount belonged to the bank which is here plaintiff. The Fidelity Bank had been directed to remit the amount of this bill as soon as collected to the American Exchange Bank, where it was to be placed to the credit of plaintiff. The plaintiff had no account with the Fidelity, and claims that the bill in question or the moneys collected upon it never became a part of the assets of the Fidelity, but should be paid over to plaintiff.

NEW JERSEY.—Great interest has been felt at Rahway and in adjacent towns as to what kind of a report would be submitted to Chancellor McGill by Special Master in Chancery Muirhead, who, after a long examination into the affairs and management of the defunct Rahway Savings Institution, has completed his labors. Since the bank suspended in 1878 it has paid 55 per cent. of the amount due the depositors, leaving a balance unpaid of about \$200,000. The principal item in the assets on hand is made up of bonds issued by the city to build its water works. They amount to \$181,000, upon which there has accrued over \$75,000 interest. This fact has been the cause of a mingling of city and bank affairs and consequent bitterness, which has grown as time passed without settlement. The Examiner's report exonerates the managers from corruption or negligence. He recommends that the city be sued for \$75,000 accrued interest and judgment obtained. In his judgment the water works cannot be held at the maturity of the bonds in 1891, if not paid for the same. He criticises the bank's managers for their leniency to the city in not exacting the payment of the interest promptly, and asserts that the assets are more than enough to pay the depositors in full.

NEW YORK.—A run which lasted from the time of opening until 6 in the evening has been made on the Binghamton Savings Bank. It originated in a very singular manner. A crowd of politicians gathered on the bank corner prior to the Republican County Convention yesterday, and several depositors thought they were drawing out their money. The story then started that the bank was insolvent. By noon the excitement was intense, but every depositor who made a demand got full satisfaction. Fourteen cents was the smallest sum drawn and \$1,500 the largest. Several leading capitalists volunteered to save the depositors their quarter's interest by guaranteeing their accounts, but notwithstanding that this surety represented a million dollars, the majority continued to crowd up for their money. The bank announced at night that they would keep open until all who wanted their money were satisfied. It is said that the bank had \$450,000 deposited in another bank. About \$250,000 was drawn altogether.

THE leading banker who died during September was Mr. Joseph Patterson, of Philadelphia, at the goodly age of 81. The *Philadelphia Press* says of him, that he had been president of the Western National Bank for many years, and for a long time was president of the Philadelphia Clearing House. He was a typical Quaker City banker, an energetic and thorough business man, and enjoyed the entire confidence and respect of the financial world. During the greater portion of his life he was associated with banks. He had all the minutiae of the business a his finger tips and was acknowledged to rank among the foremost bankers of the United States. During the Centennial Mr. Patterson was a conspicuous figure. He was a member of the Centennial Commission and was an active assistant of the late John Welsh, the head of the Centennial Board of Finance. He was also a member of the Union League and of the Farmers' Club, and was a director of the Academy of Fine Arts. Editorially it adds: His views of finance, though conservative, were broad and national in their scope. During the war he was foremost among the bankers of Pennsylvania in tendering financial aid to the State when invasion threatened the safety of all. It is stated on good authority that President Grant once offered him the Secretaryship of the Treasury, and, if he had seen his way clear to accept it, there is no doubt he would have won for himself a national reputation as among the ablest financiers which the Government has called into its service.

At a meeting of the Western National Bank the following minute was adopted: The directors of the Western National Bank of Philadelphia have heard, with deep sorrow, of the death of their late president and friend, Joseph Patterson, whose admirable personal traits, no less than his distinguished ability as a financial administrator, have always secured for him their warmest regard and appreciation.

Mr. Patterson was first elected president of this bank on August 10, 1842—more than forty-five years ago—and he accepted the position at a time when the credit of the corporation was weak and its business small. But he brought to the office those qualifications which enabled him, with the assistance of the men whom he gathered around him, to place his bank in the front rank of the financial institutions of this city. And while he was doing this—strenuously and persistently—he was also taking such a keen and intelligent interest in public affairs that he was able, and was asked from time to time, to give his counsel and assistance in the affairs of national finance, and especially in those dangerous crises of the public credit at the opening of the "War for the Union," when a single short speech of his at a meeting of the bankers of New York, Philadelphia and Boston, may be said to have been more influential than a successful battle.

CINCINNATI.—A loan has been arranged by the Centennial Exposition Commissioners of \$250,000 from the local banks. The money is to be used in the erection of buildings and in otherwise preparing for the exposition to be given next year, the centennial year of the first settlement where Cincinnati now stands. The expenses of the exposition are guaranteed by citizens, who have placed their notes in the hands of the Commissioners to the amount of \$1,000,000. The loan from the banks is made upon the notes of the Commissioners and the guaranty notes of citizens as collateral. The banks are all willing to take as much of this paper as may be allotted to them, and it has been decided that the allotment shall be upon the basis of $2\frac{1}{2}$ per cent. of each bank's capital.

BOND PURCHASES.—Divisions of Loans and Currency, Treasury Department, Office of the Secretary. Washington, D. C., Sept. 22, 1887.—On and after this date the Government will purchase daily until October 8, 1887, at the office of the Secretary of the Treasury, to be applied to the Sinking Fund, United States $4\frac{1}{2}$ per cent. bonds of 1891 and 4 per cent. bonds of 1907, acts of July 14, 1870, and January 20, 1871, upon the following terms: The $4\frac{1}{2}$ per cent. bonds will be accepted at one hundred and eight and four-tenths (108 $\frac{4}{10}$) during the above stated period, and the 4 per cent. bonds during the remainder of the present month at one hundred and twenty-five (125), and from October 1 to October 8, 1887, at one hundred and twenty-four (124); which prices include accrued interest to date of purchase. The aggregate amount of both classes of bonds which will be accepted within the time above specified is not to exceed \$14,000,000. Offers should state the specific character of the bonds, whether registered or coupon. No further bids for bonds as provided in circular No. 90, dated August 3, 1887, will be received after this date. Interest due on October 1, 1887, on United States bonds, amounting to about \$6,500,000, will be paid on the 26th inst. without rebate. Hugh S. Thompson, Acting Secretary.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Sep. 6.	Sep. 12.	Sep. 19.	Sep. 26.
Discounts.....	$7\frac{1}{2}$ @ $8\frac{1}{2}$..	$7\frac{1}{2}$ @ 10 ..	$7\frac{1}{2}$ @ 9 ..	$7\frac{1}{2}$ @ 9 ..
Call Loans.....	8 @3 ..	7 @3 ..	6 @4 ..	5 @4 ..
Treasury balances, coin.....	\$134,988,796 .	\$134,858,065 .	\$134,413,142 .	\$133,531,122 .
Do. do. currency.....	13,354,795 .	13,547,967 .	13,638,070 .	13,641,688 .

Sterling exchange has ranged during September at from 4.83 @ $4.84\frac{3}{4}$ for bankers' sight, and 4.79 @ $4.80\frac{1}{2}$ for 60 days. Paris—Francs, 5.25 @ $5.22\frac{1}{2}$ for sight, and $5.26\frac{1}{2}$ @ 5.25 for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, $4.79\frac{1}{2}$ @ 4.80 ; bankers' sterling, sight, $4.83\frac{1}{2}$ @ 4.84 . Cable transfers, $4.84\frac{1}{2}$ @ 4.85 . Paris—Bankers', 60 days, $5.26\frac{1}{2}$ @ $5.26\frac{1}{4}$; sight, 5.25 @ $5.24\frac{3}{8}$. Antwerp—Commercial, 60 days, $5.29\frac{3}{4}$ @ $5.28\frac{3}{4}$. Reichmarks (4)—bankers', 60 days, 94 @ $94\frac{1}{2}$; sight, $94\frac{1}{2}$ @ $94\frac{1}{2}$. Guilders—bankers', 60 days, $39\frac{1}{2}$ @ $39\frac{3}{4}$; sight, $39\frac{1}{2}$ @ $39\frac{1}{2}$.

The reports of the New York Clearing-house returns compare as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Sep. 3..	\$344,838,900 .	\$68,579,300 .	\$22,745,100 .	\$344,447,100 .	\$8,114,600 .	\$5,212,625
" 10..	347,442,900 .	68,120,400 .	21,743,300 .	342,837,500 .	8,118,200 .	4,154,325
" 17..	347,096,100 .	68,931,600 .	20,608,200 .	342,880,500 .	8,128,600 .	3,819,675
" 24..	346,428,800 .	70,521,900 .	20,778,800 .	341,935,900 .	8,237,900 .	5,816,725

The Boston bank statement is as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Sep. 3.....	\$136,425,300	\$9,988,000	\$2,175,800	\$99,158,000	\$8,842,200
" 10.....	137,302,600	9,599,900	2,178,700	100,836,600	8,858,300
" 17.....	137,650,000	9,609,200	2,377,000	102,495,500	8,854,100
" 24.....	137,290,000	9,942,800	2,616,100	100,624,400	8,842,000

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1887.	Loans.	Reserves.	Deposits.	Circulation.
Sep. 3.....	\$87,827,600	\$21,909,300	\$84,840,000	\$2,315,750
" 10.....	87,159,700	23,006,400	85,049,500	2,277,820
" 17.....	87,073,000	22,783,400	85,464,200	2,282,220
" 24.....	86,486,100	23,714,700	85,560,200	2,283,750

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from September No., page 237.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY		Lenox Hill Bank.....	
	\$100,000	Chas A. Troupe, <i>Pr.</i>	Edward J. Connell, <i>Cas.</i>
CAL....	Los Angeles...	Los Angeles S.D.&T. Co.	
	\$55,000	Chas. M. Wells, <i>Pr.</i>	Jesse H. Burks, <i>Sec. & M'gr.</i>
		Chas. E. Day, <i>V Pr.</i>	
	.. National City..	Bank of National City...	Merchants Exchange National B'k.
	\$30,000	Frank A. Kimball, <i>Pr.</i>	James S. Gordon, <i>Cas.</i>
		Warren C. Kimball, <i>V.P.</i>	Charles B. Whittelsey, <i>Asst. Cas.</i>
	.. Oakland.....	Cal. Bank & Trust Co...	Drexel, Morgan & Co.
	\$50,000	A. C. Henry, <i>Pr.</i>	Frank H. Brooks, <i>Cas.</i>
		John C. Wilson, <i>V. Pr.</i>	
	.. Ontario.....	Ontario State Bank.....	Kountze Bros.
		Samuel P. Hildreth, <i>Pr.</i>	C. Frankish, <i>Sec.</i>
	.. Pomona.....	Peoples Bank.....	Importers & Traders Nat. Bank.
	\$17,500	Chas. French, <i>Pr.</i>	Geo. J. Mitchell, <i>Cas.</i>
DAK....	Churches Ferry.	North Dakota Bank.	Kountze Bros.
	\$10,000	(Morgan & Davis)	C. J. Lord, <i>Cas.</i>
	.. Miller.....	Farmers & Merchants B.	Chemical National Bank.
		C. H. Morrill, <i>Pr.</i>	Fred. S. Morrill, <i>Cas.</i>
		F. W. Hunter, <i>V Pr.</i>	Chas. A. Morrill, <i>Ass't Cas.</i>
	.. Sheldon.....	Citizens Bank.....	Gilman, Son & Co.
	\$15,000	Albert O. Runice, <i>Pr.</i>	Edwin A. Lucia, <i>Cas.</i>
FLA....	Sanford.....	First National Bank.....	National Park Bank.
	\$25,000	Frederick H. Rand, <i>Pr.</i>	Frank P. Forster, <i>Cas.</i>
		Moses Lyman, <i>V.P.</i>	
ILL....	Earlville.....	City Bank.....	
		(D. A. Tow & Son)	
	.. Kings.....	Farmers Bank	A. B. Sheadle, <i>Cas.</i>
		(King, Oakes & Co.)	
IND....	Monon.....	W. J. Imes.	
IOWA...	Calliope.....	Brown, Watkins & Co.	
	\$25,000	M. D. Watkins, <i>Pr.</i>	F. E. Watkins, <i>Cas.</i>
	.. Clarion.....	Wright Co. National B'k	
	\$50,000	Duane Young, <i>Pr.</i>	Chas. D. Young, <i>Cas.</i>
	.. Mormontown...	Bank of Mormontown....	Hazlett C. Fordyce, <i>Cas.</i>
	\$15,000		
	.. Nora Springs...	Farmers Exchange Bank.	
		Horace Gage, <i>Pr.</i>	Frank H. Gage, <i>Cas.</i>
KAN....	Blakeman.....	Citizens Bank.	Merchants Exchange Nat'l Bank.
	\$20,000	Thos. W. Cochran, <i>Pr.</i>	Otis L. Branson, <i>Cas.</i>
	.. Bluff City.....	State Bank of Bluff City.	American Exchange Nat'l Bank.
	\$50,000	H. B. Schules, <i>Pr.</i>	W. T. Clark, <i>Cas.</i>
	.. Brewster.....	First Bank.....	Importers & Traders Nat. Bank.
		Frank A. Dann, <i>Pr.</i>	Alfred U. Dann, <i>Cas.</i>
	.. Buffalo	Clifton Bank.....	Bank of North America.
	\$5,000		Elmer A. Runyan, <i>Cas.</i>
	.. Canton	Bank of Kansas.....	
			Geo. Schowe, <i>Cas.</i>
	.. Fort Scott.....	State Bank.	Chase National Bank.
	\$100,000	Thornton Ware, <i>Pr.</i>	James R. Coleman, <i>Cas.</i>
		J. J. Stewart, <i>V.P.</i>	
	.. Frisco.....	International Bank.....	
		Lee Travers, <i>Pr.</i>	Wm. W. Radcliffe, <i>Cas.</i>
	.. Hugoton.....	Hugo State Bank.....	Chemical National Bank.
	\$50,000	Chas. E. Cook, <i>Pr.</i>	James W. Calvert, <i>Cas.</i>
	.. Irving.....	State Bank.....	Corbin Banking Co.
	\$30,000	A. C. Emmons, <i>Pr.</i>	Ira M. Hodges, <i>Cas.</i>
	.. Leoti City.....	First National Bank.....	Kountze Bros.
	\$50,000	G. C. Hardesty, <i>Pr.</i>	Thomas W. Pelham, <i>Cas.</i>

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
KAN.... Lincoln.....	Chase State Bank.....	National Bank of Republic.
	M. V. B. Chase, <i>Pr.</i>	Frank F. Chase, <i>Cas.</i>
" .. Mankato.....	State Exchange Bank.....	.....
	\$15,000 Wm. O. Harrison, <i>Pr.</i>	Israel Davy, <i>Cas.</i>
" .. McPherson.....	Second National Bank....	.....
	\$50,000 O. Heggelund, <i>Pr.</i>	C. A. Heggelund, <i>Cas.</i>
" .. Oskaloosa.....	State Bank.....	Third National Bank.
	\$10,400 Wm. Huddleston, <i>Pr.</i>	Ansel J. Kane, <i>Cas.</i>
	Geo. I. Mosher, <i>V.P.</i>	John N. Insley, <i>Asst. Cas.</i>
" .. Pratt.....	Pratt Co. National Bank.	.....
	\$50,000 F. E. Simpson, <i>Pr.</i>	I. E. Page, <i>Cas.</i>
	F. W. Scott, <i>V.P.</i>	.....
" .. Soule.....	Bank of Ingalls.....	.....
	(Soule & Munsell)	J. W. Guyann, <i>Cas.</i>
" .. Sterling.....	State Bank.....	Merchants Exchange Nat'l Bank.
	\$50,000 John H. Ricksecker, <i>Pr.</i>	Alonzo M. Thorne, <i>Cas.</i>
KY. . . . Owensboro.....	Citizens Bank.....	United States National Bank.
	\$75,000 John Thixton, <i>Pr.</i>	Henry C. Gans, <i>Cas.</i>
	Dr. J. F. Kimbley, <i>V.P.</i>	.....
ME. . . . Presque Isle....	Presque Isle National B'k.	.....
	Chas. P. Allen, <i>Pr.</i>	Alexander H. Jenk, <i>Cas.</i>
MICH... Saugatuck.	Exchange Bank.....	.....
	Jehiel Wisner, <i>Pr.</i>	Nathan L. Rowe, <i>Cas.</i>
" .. Seney.....	Exchange Bank. ....	.....
	(Hargrave Bros. & Co.)	.....
MINN... Duluth.....	Hall Bros. & Co.....	T. O. Hall, <i>Cas.</i>
	.....	Chase National Bank.
" .. "	Henry H. Bell & Co.....	.....
	Henry H. Bell, <i>Mgr.</i>	Samuel A. Siverts, <i>Cas.</i>
MISS... Crystal Springs.	Bank of Crystal Springs.	Latham, Alexander & Co.
	\$20,000 J. C. Smith, <i>Pr.</i>	W. G. Colmery, <i>Cas.</i>
MO.... Kansas City....	German American N. B.	.....
	\$250,000 James K. Burnham, <i>Pr.</i>	Louis Bauerlein, <i>Cas.</i>
" .. Perry.....	Peoples Bank.....	Third National Bank.
	\$10,000 John Riedsoe, <i>Pr.</i>	Marcus P. Lafrance, <i>Cas.</i>
	Samuel B. Smith, <i>V.P.</i>	Joshua Ward, <i>Asst. Cas.</i>
NEB.... Ansley.....	Bank of Ansley.....	Chemical National Bank.
	\$8,000	Peter Fowlie, <i>Cas.</i>
" .. Ceresco.....	State Bank.....	Kountze Bros.
	N. H. Meeker, <i>Pr.</i>	H. Leal, <i>Cas.</i>
" .. Eustis.....	Farmers Bank.....	.....
	\$7,000 Wm. R. Kinnaird, <i>Pr.</i>	Howen Curley, <i>Cas.</i>
" .. Greeley Centre.	Exchange Bank.....	.....
	\$20,000 Lee Love, <i>Pr.</i>	Emmett Love, <i>Cas.</i>
	Thomas Fox, <i>V.P.</i>	.....
" .. Ogallala.....	State Loan & Trust Co..	.....
	\$30,000 Henry L. Goold, <i>Pr.</i>	John M. Houghton, <i>Cas.</i>
" .. Wallace.....	Wallace Security Bank..	.....
	\$40,000 W. F. Smallwood, <i>Pr.</i>	P. L. Harper, <i>Cas.</i>
N. J.... Asbury Park....	Asbury Park Nat. Bank..	American Exchange National B'k.
	\$100,000 Egbert Towner, <i>Pr.</i>	Harold E. Willard, <i>Cas.</i>
N.Y.... Canastota.....	State Bank.....	Chemical National Bank.
	\$40,000 Wm. H. Patten, <i>Pr.</i>	Milton DeLano, <i>Cas.</i>
	Edom N. Bruce, <i>V.P.</i>	Byron H. Clow, <i>Asst. Cas.</i>
" .. Hempstead....	Hempstead Bank.....	.....
	\$30,000 Martin V. Wood, <i>Pr.</i>	Chase National Bank.
	Edward Cooper, <i>V.P.</i>	C. F. Norton, <i>Cas.</i>
ORE.... Lakeview.....	Lakeview Bank.....	.....
	\$25,500 Peter G. Chrisman, <i>Pr.</i>	Andrew McCallen, <i>Cas.</i>
	W. B. Whittemore, <i>V.P.</i>	.....
S. C.... Sumter.....	B'k'g house of Wallace &	.....
	\$25,000 Simons.	.....
TENN.. Bellbuckle.....	Bank of Bellbuckle.....	United States National Bank.
	\$20,000 M. H. Webb, <i>Pr.</i>	Josiah L. Hutton, <i>Cas.</i>
	T. T. Smalling, <i>V.P.</i>	.....
TEXAS.. Hillsboro.....	Sturgis National Bank...	S. M. Swenson & Sons.
	\$60,000 W. W. Sturgis, <i>Pr.</i>	J. N. Porter, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
TEXAS..	Rockwall.....	Exchange Bank.....	.....
	\$50,000	J. J. Carter, <i>Pr.</i>	Thos. J. Wood Jr., <i>Cas.</i>
"	..Texarkana.....	Texarkana National B'k.....	.....
	\$100,000	Benjamin T. Estes, <i>Pr.</i>	C. A. Williams, <i>Cas.</i>
"	..Wolfe City.....	Wolfe City Bank.....	Seaboard National Bank.
	\$35,000	Herman M. McKnight, <i>P.</i>	Geo. W. Eastwood, <i>Cas.</i>
WAS. T.	Pullman.....	Bank of Pullman.....	Commercial National Bank.
	\$25,000	James A. Perkins, <i>Pr.</i>	Walter V. Windus, <i>Cas.</i>
		H. J. Webb, <i>V.P.</i>	A. L. Mills, <i>Asst. Cas.</i>
"	..Tacoma.....	Nat'l B. of Commerce....	.....
	\$200,000	F. M. Wade, <i>Pr.</i>	A. F. McClaine, <i>Cas.</i>
W. VA..	Hinton.....	Bank of Hinton.....	American Exchange Nat'l Bank.
	\$15,050	Azel Ford, <i>Pr.</i>	M. A. Riffe, <i>Cas.</i>
WYO...	Rock Springs...	Sweetwater Co. Bank....	Fourth National Bank.
	\$25,000	Henry G. Balch, <i>Pr.</i>	Augustine Kendall, <i>Cas.</i>
ONT....	Iroquois.....	Union Bank of Canada..	National Park Bank.
			E. Webb, <i>Cas.</i>
VANC...	British Col....	Bank of Montreal.....	.....
		Campbell Sweeney, <i>M'gr</i>	.....

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from September No., page 239.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ARK..	Citizens Bank, Pine Bluff.....	H. C. Rather, <i>Cas.</i>	A. J. Thompson.
CAL....	Los Angeles Sav. B. Los Angeles	W. M. Caswell, <i>Sec.</i>	J. V. Wachtel.
"	..Safe Dep. & Tr. Co., San Fran.	James H. Goodman, <i>Treas.</i>	Chas. R. Thompson
DAK....	Cent. Dakota Bank, Arlington.	E. F. Coleman, <i>Cas.</i>	.....
"	..Barnes County Bank, Sanborn.	E. W. Siegfried, <i>Cas.</i>	J. M. Burrell.
"	..Sioux Falls Nat. B., Sioux Falls	C. L. Norton, <i>Cas.</i>	A. L. Currey, <i>Ass't.</i>
ILL....	First Nat'l Bank, Marseilles....	W. A. Morey, <i>Pr.</i>	J. N. Chapple.
"	..First Nat'l Bank, Taylorville...	F. W. Anderson, <i>A. Cas.</i>	.....
"	..First National Bank, Urbana.	P. Richards, <i>Pr.</i>	Chas. L. Burpee.
"	..First National Bank, Woodstock.	H. W. Mahan, <i>Cas.</i>	P. Richards.
"	..First National Bank, Woodstock.	John J. Murphy, <i>Pr.</i>	Edw. A. Murphy.*
IND....	First Nat. Bank, N. Manchester	Edward C. Quinlan, <i>Cas.</i>	John J. Murphy.
"	..Lawrence N. B., N. Manchester	Thos. Arnold, <i>Cas.</i>	John R. Wallace.
"	..First National B'k, Centerville..	John N. Mills, <i>Ass't Cas.</i>	.....
IOWA...	First National Nat. B., Centerville..	J. R. Hays, <i>Cas.</i>	W. Evans.
"	..Des Moines Nat. B., Des Moines	R. T. Wellslager, <i>Cas.</i>	Wm. E. Hazen.
"	..Palo Alto Co. B., Emmetsburg.	W. J. Brown, <i>Cas.</i>	John J. Robins.
"	..First National Bank, Greene.	M. Hartness, <i>Cas.</i>	C. H. Wilcox.
"	..First Nat'l Bank, Rock Rapids.	O. C. Perrin, <i>Ass't Cas.</i>	.....
"	..First Nat'l Bank, Rock Rapids.	E. L. Partch, <i>Cas.</i>	C. H. Huntington.
KAN....	Brown Bros., Augusta.....	W. E. Brown, <i>Cas.</i>	.....
"	..Elk City Bank, Elk City.....	G. Q. Berryman, <i>Pr.</i>	F. E. Turner.
"	..Central Nat. Bank, Ellsworth..	E. H. Fenney, <i>Cas.</i>	J. W. Powers.
"	..Exchange Bank, Linn.	E. W. Snyder, <i>Pr.</i>	W. Hetherington.
"	..First National Bank, Linn.	August Soller, <i>Cas.</i>	Wm. Cummins.
"	..First National Bank, Norton.	E. V. Peterson, <i>Pr.</i>	A. S. Raymond.
"	..First National B., Smith Center.	Chas. M. Sawyer, <i>Cas.</i>	E. V. Peterson.
"	..First National B., Smith Center.	J. D. Mossman, <i>Cas.</i>	W. H. Nelson.
KY....	Deposit Bank, Owensboro.....	E. G. Buckner, <i>Ass't Cas.</i>	.....
MASS..	G't. Barrington S. B., G't. Barr.	Geo. Church, <i>Pr.</i>	Egbert Hollister.
"	..Hampshire County Nat. B'k, Northampton.	Lewis Warner, <i>Pr.</i>	Luther Bodman*
"	..Northboro Nat. B'k, Northboro.	F. A. Macomber, <i>Cas.</i>	Lewis Warner.
"	..Mechanics N. B., Newburyport..	Wm. J. Potter, <i>Cas.</i>	A. W. Seaver*
"	..Whitinsville N. B., Whitinsville	W. E. Chase, <i>Ac'ng Cas.</i>	F. O. Woods.
"	..First National Bank, Decatur..	James F. Whitin, <i>Pr.</i>	Chas. P. Whitin.
MICH..	First National Bank, Decatur..	L. D. Roberts, <i>Cas.</i>	H. E. Squier.
MINN..	Bank of Dawson, Dawson.....	Sam'l Lewison, <i>Cas.</i>	O. S. Stensrud.
"	..Lac-qui-parle Co. B'k, Madison.	Lucius F. Clark, <i>Cas.</i>	P. G. Jacobson.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
MISS . .	First National Bank, Jackson..	A. C. Jones, <i>Ass't. Cas.</i>	C. W. Robinson.
" . .	B'ng H. of C.C. Kelly, Kosciusko	D. L. Brown, <i>Cas.</i>	W. G. Colmery.
MO.....	Commercial Bank,	John H. Ware, Jr., <i>Pr.</i>	John H. Ware, Sr.*
" . .	Burlington Junction.	Edwin H. Fraser, <i>Cas.</i>	John H. Ware, Jr.
" . .	First National Bank,	John H. Babcock, <i>Pr.</i>	S. G. Wilson.
" . .	Macon.	W. D. Vincent, <i>Ass't Cas.</i>	C. D. Sharp.
" . .	Christian County Bank,	A. T. Youchum, <i>Pr.</i>	Jas. W. Robertson.
" . .	Ozark.	J. H. Fullright <i>V. Pr.</i>	.....
" . .	Perry Bank,	John C. Rogers, <i>Cas.</i>	O. M. Nilson.
" . .	Perry.	J. A. Clark, <i>Cas.</i>	M. P. Lafrance.
" . .	Perry.	S. C. Gill, <i>Ass't Cas.</i>	.....
NEB....	Bank of Benkelman,	John R. Clark, <i>Pr.</i>	H. Chamberlin.
" . .	Benkelman.	V. Franklin, <i>V. Pr.</i>	.....
" . .	David City Bank, David City...	Oscar Callihan, <i>Cas.</i>	W. Chamberlin.
" . .	Maverick Bank, Gordon.....	Gene. V. Dunphy, <i>Cas.</i>	W. B. Thorpe.
" . .	Dodge County Bank, Hooper..	Thos. M. Huntington, <i>Pr</i>	T. B. Irwin.
" . .	Bank of Wymore, Wymore....	Jerry Denslow, <i>Pr.</i>	E. H. Airis.
" . .	Bank of Wymore, Wymore....	J. P. Burch, <i>Cas.</i>	M. H. Southwick.
N. J....	Orange Savings Bank, Orange..	John Gill, <i>Pr.</i>	Wm. Cleveland*
N. Y....	First N.B. of S. I. New Brighton	F. W. Johnstone, Jr., <i>Cas.</i>	Cyrus Walser.
" . .	Monroe Co. Sav. B., Rochester..	Wm. N. Sage, <i>Pr.</i>	Louis Chapin.
" . .	First National Bank, Watkins..	John W. Love, <i>Cas.</i>	Edgar S. Payne.
OHIO...	Noble Co. Nat. B'k, Caldwell..	Geo. W. Taylor, <i>Cas.</i>	W. H. Frazier.
PENN...	Third National Bank,	Wm. M. McKelvy, <i>Pr.</i>	Hugh S. Fleming*
" . .	Allegheny.	R. H. Boggs, <i>V. Pr.</i>	Wm. M. McKelvy.
" . .	First Nat. Bank, Lock Haven..	G. L. Morlock, <i>Ass't Cas.</i>	Thos. Yardley.
" . .	Guarantee Tr. & S. D. Co., Phil.	Harry J. Delaney, <i>Treas.</i>	John S. Brown.
R. I....	Nat. Niantic Bank, Westerly...	J. M. Pendleton, Jr., <i>A. C.</i>	.....
" . .	Nat. Globe Bank, Woonsocket.	Arlon Mowry, <i>Pr.</i>	Spencer Mowry*
TEXAS..	First National Bank, Ballinger.	A. Matthews, <i>V. Pr.</i>	T. S. Hill.
UTAH..	Deseret N. B., Salt Lake City..	John Sharp, <i>V. Pr.</i>	F. Little.
VA.....	Farmers N. B. of Salem, Salem.	S. F. Simmons, <i>Pr.</i>	Green B. Board*
W. T....	First Nat. Bank, Olympia	John F. Gowey, <i>Pr.</i>	W. P. Book.
W. VA..	Commercial Bank, Wheeling...	S. F. Crawford, <i>Cas.</i>	S. P. Hildreth.
ONT....	Can. B. of Com., Collingwood.	Jas. Brydon, <i>M'gr.</i>	E. Pangman.
" . .	Imperial B. of Canada, Fergus.	E. Hay, <i>M'gr.</i>	J. F. Paterson.
" . .	Bank of Montreal, Stratford....	Thos. Plummer, <i>M'gr.</i>	G. A. Farmer.
NOVA S.	Bank of Nova Scotia, Pictou....	W. E. Stavert, <i>Ag't.</i>	D. C. Chapman.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from September No., page 240.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3785	Texarkana National Bank..... Texarkana, Texas.	Benj. T. Estes,	C. A. Williams,	\$100,000
3786	Sturgis National Bank..... Hillsboro, Texas.	W. W. Sturgis,	J. N. Porter,	60,000
3787	Pratt County National Bank.... Pratt, Kan.	F. E. Simpson,	I. E. Page,	50,000
3788	Wright County National Bank. Clarion, Iowa.	Duane Young,	Chas. D. Young,	50,000
3789	National Bank of Commerce.... Tacoma, Wash.	F. M. Wade,	A. F. McClaine,	200,000
3790	Kansas National Bank..... Topeka, Kan.	Sam'l T. Howe,	R. M. Crane,	500,000
3791	Second National Bank..... McPherson, Kan.	O. Heggelund,	C. A. Heggelund,	50,000
3792	Asbury Park National Bank Asbury Park, N. J.	Egbert Towner,	Harold E. Willard,	100,000
3793	German-American National B'k. Kansas City, Mo.	James K. Burnham,	Louis Bauerlein,	250,000

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from September No., page 240.)

- N. Y. CITY..... Gorham, Turner & Co., now Chas. W. Turner & Co.
 ALA.... Montgomery... J. R. Adams & Co., succeeded by J. B. Trimble & Co.
 COL.... Alma..... Bank of Alma (Hathaway & Arthur), now C. G. Hathaway, proprietor.
 DAK.... Milnor..... Bank of Sargent County, now Sargent County Banking Co., same officers.
 " .. Sioux Falls... German-American Loan and Investment Co., now German-American Loan and Trust Co.
 FLA.... Sanford..... Lymans Bank, succeeded by First National Bank.
 GA.... Milledgeville... T. T. Windsor has retired from business.
 ILL.... Englewood Englewood Bank (H. P. Taylor), now Vehmeyer & Ramsey, proprietors.
 IOWA... Calliope..... Robt. Hale & Co., succeeded by Brown, Watkins & Co.
 " .. Clarinda..... Iowa State Bank, succeeded by Page County Bank.
 " .. Earlville..... Bank of Earlville (Congar Bros.), now Millen & Son, proprietors.
 " .. Hawarden Bank of Hawarden (Robt. Hale & Co.), now Brown, Watkins & Co., proprietors.
 " .. Rolf .. Bank of Rolf (Lee & Lamb), now John Lee, proprietor.
 KAN. .. Beloit Campbell, Best & Co., consolidated with First National Bk.
 " .. Burr Oak Bank of Burr Oak (Spears Bros.), now Hulbert Bros., proprietors.
 " .. Chanute..... Neosho Co. Bank, now State Bank, same officers and correspondents.
 " .. Frisco Southwestern Bank, succeeded by the International Bank.
 " .. Irving..... Bank of Irving, now State Bank of Irving.
 " .. Leoti City..... Wichita Co. Bank, now First National Bank, same officers and correspondents.
 " .. Scandia..... Bank of Scandia, succeeded by First National Bank.
 " .. Toronto..... Toronto Bank (Everett & Kellogg), now B. F. Everett & Co., proprietors.
 " .. Wa Keeney.... Wa Keeney Bank, sold out to First National Bank.
 KY.... Yates Center... Yates Center Bank (Winter & Opdyke), now Winter, Bancroft & Co., proprietors.
 MICH. .. Clarkston..... Jossman, Frank & Bird, now Jossman & Bird.
 .. Battle Lake... Bank of Battle Lake, now Warfield's Bank, B. B. Warfield still proprietor.
 Alma..... The Valley Bank (Meek, McCorkle, Briggs & Co.), now Meek, Briggs & Co., proprietors.
 " .. Haigler..... Bank at Haigler, succeeded by Union Banking Co.
 " .. Imperial..... People's Bank, now Chase County Bank, same officers.
 " .. Leigh..... Maple Valley Bank (Bolton & Whiting), now C. A. Whiting, proprietor.
 " .. Springfield.... Sarpy Co. Bank, now Sarpy Co. State Bank, same officers.
 " .. Superior..... Bank of Superior (Meek, McCorkle & Briggs), now Meek & Briggs, proprietors.
 " .. Wayne .. Citizens' Bank has been incorporated.
 N. Y.... Canastota..... Canastota Banking Co. (Milton De Lano), now State Bank.
 " .. Palmyra..... Lyman Lyons banking house has discontinued.
 OHIO.. .. Bellevue..... Bellevue Bank reported closed.
 PENN... Corry..... First National Bank is reported closed.
 TEX.... San Marcos.... National Bank of San Marcos, now Glover National Bank of San Marcos, same officers and correspondents.
 WIS.. .. New London... Bank of New London (G. A. Murray), now Murray & Klepser, proprietors.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, SEPTEMBER, 1887.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in August.							
GOVERNMENTS.		Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	
4½s, 1891....	reg.	Mar.	108½	108½	107½	108½	
4s, 1891....	coup.	Quarterly	108½	108½	107½	108½	
4s, 1897....	reg.	Jan	124½	124½	123½	124	
4s, 1897....	coup.	Feb.	125½	125½	124½	125	
6s, cur'cy, 1895, reg.			121½	122	121	122	
6s, cur'cy, 1896, reg.		Jan.	124	124½	123	124	
6s, cur'cy, 1897, reg.		& July.	127	127	126	126	
6s, cur'cy, 1898, reg.			129½	129½	128	128	
6s, cur'cy, 1899, reg.			130½	130½	130	130	
RAILROAD STOCKS.		Open- ing.	High- est.	Low- est.	Clos- ing.		
Atlantic & Pacific.....		11½	11½	9½	—	—	
Buff., R. & Pitts.....		—	59	59	—	—	
Canadian Pacific.....		54½	55½	50½	55½	55½	
Central of N. J.....		74½	78½	67½	74½	74½	
Central Pacific.....		37½	39½	32	—	—	
Ches. & Ohio.....		6	6½	—	—	—	
Chic. & Alton.....	1st pref.	—	12	9	—	—	
Chic. Do.....		—	140	140	140	140	
Chic. B. & Q.....	pref.	137	138½	136½	—	—	
Chic. M. & St. P.....		83½	85½	78	135	135	
Chic. Do.....		120	120½	114½	116	116	
Chic. & N. W.....	pref.	115	116½	110	112½	112½	
Chic. Do.....		—	146	146	—	—	
Chic. R. I. & P.....	pref.	125	128½	116½	118½	118½	
Chic. St. L. & P.....		15	15½	12½	15	15	
Chic. Do.....	pref.	46½	47½	35½	44½	44½	
Chic. St. P., M. & O.....	pref.	109	110	104½	108	108	
C. C. & I.....	pref.	52	56½	40	54	54	
Col. Coal & Iron.....		—	41½	30	36½	36½	
RAILROAD STOCKS.		Open- ing.	High- est.	Low- est.	Clos- ing.		
Col. H. Valley & Tol.....		24½	25½	15	21	21	
Col. & H. C. & I.....		20½	33½	24	28½	28½	
Del. & Hudson.....		136½	136½	101½	99½	99½	
Del., Lack. & W.....		20½	27½	134½	124½	124½	
Den. & Rio Grande.....	pref.	—	20½	27½	23½	23½	
Do.....		—	12½	50	50	50	
East Tenn. V. & G.....	1st pref.	58½	61½	52	57½	57½	
Do.....	2d pref.	21½	25	19	21½	21½	
Fort Worth & Den.....		45½	47	44½	47	47	
Houston & Texas C.....		—	25	25	—	—	
Illinois Central.....		119	121½	116	117½	117½	
Indiana, Bloom. & Western.....		16½	17½	12	15½	15½	
Indiana, Bloom. & Western.....		16½	18½	13	16	16	
Lake Erie & Western.....	pref.	47½	50½	40	46	46	
Do.....		94	96½	90½	95½	95½	
Lake Shore.....		92½	94	85	91½	91½	
Long Island.....		63	64½	58	61½	61½	
Louisville and Nashville.....		98½	99	90½	100½	100½	
Louisville, N. Alb. & Chic.....		—	85	83	—	—	
Manhattan Consol.....		—	55½	49	—	—	
Marq., H. & O.....	pref.	—	88	82	—	—	
Do.....		85	87	79½	84	84	
Memphis & Charleston.....		—	109	105½	—	—	
Michigan Central.....		—	15	16	—	—	
Mil., L. S. & W.....	pref.	—	34	22	—	—	
Do.....		—	26	27½	—	—	
Minn. & St. Louis.....	pref.	—	96½	89½	93½	93½	
Mo., Kan. & Texas.....		77	79½	70½	76	76	
Missouri Pacific.....		107½	110½	105½	109	109	
Nash., C. & St. L.....		17	18½	17	17	17	
N. Y. C. & Hudson.....		20½	22	20½	20½	20½	
N. Y. C. & St. L.....	pref.	30½	32	26½	30½	30½	
Do.....		30½	32	26½	30½	30½	
N. Y. L. E. & W.....	pref.	69	70½	67½	66½	66½	
Do.....		44½	46½	35½	40½	40½	
N. Y. & New Eng.....		8½	10	7½	9½	9½	
N. Y. Ont. & W.....		10	10½	9½	10	10	
N. Y. Sun. & W.....		38½	39½	24½	24½	24½	
Do.....	pref.	—	—	—	—	—	
MISCELLANEOUS.		Open- ing.	High- est.	Low- est.	Clos- ing.		
Norfolk & Western.....		—	18	14	15½	15½	
Do.....	pref.	43½	45½	38	43½	43½	
Northern Pacific.....		27½	28½	24½	24½	24½	
Do.....	pref.	54½	55	48½	50½	50½	
Ohio & Mississippi.....		—	30½	25½	25½	25½	
Do.....		—	13½	12	—	—	
Ohio Southern.....		43	45	34	39	39	
Oregon Imp.....		93½	95	84	84	84	
Oregon R. & N.....		18	17½	17½	17½	17½	
Oregon Short Line.....		25½	26	18½	21½	21½	
Pacific Mail.....		40½	41½	32½	40½	40½	
Peoria, Decatur & Evansville.....		24½	26	17½	23	23	
Philadelphia & Rending.....		57½	65	55½	61½	61½	
Pullman Palace Car Co.....		150½	152	145	152	152	
Rich. & W. P. Term.....		26	30½	20½	26½	26½	
Rome, W. & Ogd.....		83	83	78½	78½	78½	
St. Louis, A. & T. H.....		36½	38½	32	—	—	
Do.....	pref.	35½	38½	30	37	37	
St. Louis & San Francisco.....		71½	75½	64	75½	75½	
Do.....	1st pref.	—	113	109½	113	113	
St. Paul & Duluth.....		74½	74½	60	66	66	
Do.....	pref.	113	114½	97	106	106	
St. Paul, M. & M.....		28	30½	21½	27½	27½	
Southern Pacific Co.....		55½	57½	50	54½	54½	
Tenn. Coal & Iron.....		44	44	41½	41½	41½	
Union Pacific.....		17½	18½	15½	18½	18½	
Virginia Midland.....		31½	33½	28½	32½	32½	
Wabash, St. Louis & Pacific.....		—	150	145	—	—	
Do.....	pref.	108	109	106	108½	108½	
MISCELLANEOUS—		76	76	68	70	70	
Express-Adams.....		130	130	120	120	120	
American United States.....		74½	75½	70½	75½	75½	
Western Union.....		—	—	—	—	—	
Wells-Fargo.....		—	—	—	—	—	
Silver Bullion Cert.....		—	—	—	—	—	

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of September has been one of financial scarecrows, chief of which has been a tight money market, upon which all, or most of the others hung, for it has not only served to keep the speculators out of the country's cornfield, but it has also scared away many an honest reaper, who otherwise would have been employing the time in gathering the harvest of prosperity for all legitimate interests, which is waiting for reapers, instead of waiting to see whether this ghost of the money panic would be laid, or permitted to stalk about the land indefinitely.

Whether such action was necessary or not, is needless now to inquire, since the public had been worked up to a state of apprehension that made the hoarding of money probable, and a real money stringency possible, but the change in the policy of the United States Treasury has removed the cause of this partial paralysis in business, temporarily at least, and demonstrated both its willingness and ability to do so permanently. With this the wheels of legitimate industries have had the brake removed and all are running regularly, although perhaps "slowed down" a little from the recent speed with which they were going, that might have carried them past the danger signals, at certain stations along the line, such as that in the iron trade, which has thus received timely warning that the money is not likely to be forthcoming, to keep up for another year, the present rate of railroad construction, which has so stimulated the iron trade the past two years. As a result, the prices of steel rails have receded from a point that was drawing foreign competition down upon American markets, as was the case in 1881 and 1883, when our iron interests were buried under the surplus of Europe, which was literally dumped upon the American market, and European manufacturers relieved of their accumulations for the first time in years. This money scare may now save us from a repetition of that experience and avert a return of the depression following in 1884 to 1886.

This is the chief apparent good result of the halt in the legitimate business activity, while it has checked again the expectations of the speculators, that a speculative boom would follow this revival in trade and manufactures. Indeed, the other extreme seems to have been reached, as it has renewed the old bear speculative sentiment, and raids on the markets for speculative articles, and especially that for stocks and bonds of railroads, which have suffered more severely than anything else, although the increase in earnings has, with few exceptions, kept up to the maximum of the present year, or since the Inter-State law went into operation. There has been only one special cause for this on the part of the trunk line roads, which have been having the first rate war under that law. But the real reason of this severe and continued decline in railway securities is one we pointed out in this column over a year ago, when this market was booming and all other markets and industries were struggling to keep, or get out of the slough of the late depression. We then showed that the advance in these stocks was too great for the

general business of the country, which had not sufficiently increased to earn dividends for the roads at old rates of freight, which would repay investment in those securities at the advanced prices, while those industries could not stand higher rates of freight, until prices for their products had also advanced. In other words, the advance in stocks had overdiscounted the improvement in the business of the country and had absorbed all that had been gained, for the railroads, as represented in the prices of their stocks, leaving no increased returns to these industries themselves for all the gain in the volume of business they were doing.

Of course this could not continue, for such a state of things must necessitate the holding of stocks at the then prices, until the general prosperity of the whole country should overtake that represented by the prices of railroad securities, or the latter must go back until they met and equalized values with the products of those industries on which they must live. The closer money market of the past year, caused by its absorption in legitimate trade and railroad extension, has made it impossible to hold those securities at the fictitious values of a year ago, until this general prosperity should come, and hence the steady and continuous decline in stocks, until they now have found their level, apparently, on their present rate of earnings.

If this is correct, then the reverse should prove as true of the coming year, as our prediction has proved of the past, for prices and values must come together, as surely when the former are below the latter, as when market prices are fictitious, as they were proved to have been, last year. Nothing but further money troubles would now seem in the way of a gradual and healthy advance in the prices of railway securities. "There are no longer any pools or cliques in stocks except the bear cliques," said a conservative writer and careful observer on Wall street matters, "and no more weak holders to be shaken out by further bear raids. But what the future of the stock market will be, depends upon the course of the money market, and that in turn depends upon the policy of the government, in regard to the continuance of its bond purchases, after the present \$14,000,000 limit has been reached."

That the policy of the Treasury, on the eve of another presidential election will be such as to interfere with the business and prosperity of the country, and thus render the party in power unpopular, is not in the ordinary course of politics, which will have as much to do with national finances for a year to come, as will be for the good of the country, to say the least, and the influence of the government will not be on the side of lower prices. This fact would seem to remove what real cause is left for fear of further money trouble, unless the banks and capitalists manipulate the market for effect, as some of them were accused of doing during the late scare. It would seem safe, therefore, to relegate this tight money scarecrow to the financial limbos and turn to the commercial and industrial situation of affairs.

There has been talk in some quarters, in connection with the money trouble, that the party in power had in contemplation the reduction of the tariff at the next session of Congress, on the plea of a reduction in taxation, which would be popular at any time, and especially so on the eve of a presidential election, and also on the ground that it would stop the accumulation of the surplus in the Treasury and the steady withdrawal of

money from active circulation. On the other hand, the manufacturing interests, which are always forewarned and forearmed, have raised the note of warning that if the tariff is reduced, a wholesale reduction of wages will follow, and the responsibility therefor thrown on the party, so reducing taxation by a lower tariff. It has even been intimated that much of the cry from banks about tight money has been by concert with those manufacturers to compel the Government to reduce the surplus in the Treasury by buying bonds, so that when Congress assembles, there will be no such surplus in the Treasury as to call for a reduction in taxation and the tariff. Thus there appears to be a political wheel within all these financial troubles and their proposed remedies. Those, therefore, who allow their souls to become vexed and their judgment to take counsel of their fears, in consequence of any of these preparatory moves of the two parties for a position of vantage for 1888, will be likely to find that they have been made the victims of politicians, for the "country has been ruined" too often during a presidential election, to cause any one alarm.

With the exception of the iron interests, as above explained, there is no complaint of a reaction, or of prospects of one. Indeed, the manufacturing interests of the East are reported to be more busy and in better condition than a year ago; and, though profits are small, they are all busy.

This proves that the industrial interests are in a healthy condition, and hence, there appears to be no more to fear from that source than from the finances of the country.

As to the commercial situation, it was never more free from speculation and speculative influences and manipulation than now, for the reason that the speculators have nearly speculated themselves out of business and money, while the public have not yet come into these markets, any more than into stocks to bring either business or money back to them. While this is bad for the middleman, it is the best possible indication, not only of the soundness of commercial values, but also of commercial affairs, which were never on a more legitimate basis, void of speculative influences and fictitious prices. Credits are therefore, as a rule, on a sound basis, and are calculated to increase rather than destroy confidence. The speculations of last spring were all liquidated in the summer, and while there are many crippled trades, as a consequence, the losses have now been distributed so widely, or made good, that little further trouble is likely to come from them. Commercial values, therefore, like those for stocks and bonds, are more likely to enhance than depreciate, though gradually and legitimately, upon supply and demand, and not on speculation.

There has not been enough of change in position of prices in any of these markets the past month, to be worthy of special notice, except that the coffee market has advanced on light stocks in the hands of the trade and on the way from Brazil, while they are light in Europe as well as in this country, and consumption gaining on supply, with advancing prices, which are more probable than the opposite, until another crop.

The cotton crop has not turned out as large as expected, owing to too much wet in the Atlantic States, and too much dry weather in the Southwest, during the picking, and, with large consumptive demand and free exports for consumption in Europe, prices have been steadier than expected a month ago.

Wheat has been held back by wet weather in the Northwest and by the farmers, who were able to refuse to sell at the lowest prices in years, until the producer has done what all the cliques and middlemen and speculators could not do, and that is, to give us a genuinely strong and advancing wheat market since the middle of the month, notwithstanding the European consumer has held off and left us with a much lighter export demand than a year ago. This was due to good crops in Europe, which were harvested earlier than usual and in better condition, which enabled the millers to use them earlier with less American wheat for mixture. European farmers have also been so impoverished by successive poor crops and low prices, that they have been compelled to sell their crops at lower figures than ever, which has kept European markets well supplied from native sources, together with the large stock of Californians thrown on the English markets, after the collapse of the California clique, as noted last month. But with these supplies worked down to a normal point, the foreign markets will have to be better buyers of our wheat later on, though not so large ones as a year ago. Between our farmers, therefore, and the European consumers, wheat is likely to do better from this on, as the statistical and crop situation was never more favorable to higher prices.

Corn has been barely steady because held by the short crop bulls who loaded up on the August drought and a good spot demand. But they are getting tired, as the movement from the interior has been increasing, which shows that the farmers are not so alarmed about the shortage as are the speculators. Many think the shortage has been fully discounted for the first half of the crop year, at least, and there has been a disposition to sell corn and buy wheat of late. Still, the shortage in feed supplies in this country, including the hay and root crops, is expected to make corn and oats pretty safe values at about present prices.

Provisions have been gradually receding, as there has been little support either of a speculative or export character, while the belief in a pretty good hog crop and lower prices by December has kept any one from buying. There has been a little pocket deal in October short ribs in Chicago, by Armour, in which he has held the price of that month two cents higher per pound than January, in order to help him unload his stock of mess pork carried over from his May corner in that staple in Chicago. Otherwise these markets are free from manipulation. But Europe, instead of being a free buyer of our hog products, as usual at this season, has been a free seller of our lard here and in Chicago for future delivery.

Petroleum has been up and down under the manipulation of the Standard Oil Company, together with the attempt of the producers of crude to curtail production by shutting down and stopping new developments. But these are no more nor less than Standard Oil operations for effect on the refined oil market, or for keeping the control of the trade in their own hands and punishing outsiders who presume to interfere with their operations.

In this connection it is of interest to state that Standard Oil Company's stock, which was selling last spring at \$200, and is now about \$175@180 since the watering of their capital of \$70,000,000, 20 per cent., or \$14,000,000, is being used quite extensively as collateral at the banks in this city, some of which are said to have called in their loans at \$150, on

the late scare in the money market, during which this significant and characteristic incident occurred between the president of one of our Wall street banks and the head of a brokerage firm, which had overdrawn its account. unusually heavily one afternoon, during the excitement, and who had been sent for by the president of the bank. "We are not banking with your firm, but it is banking with us," said the president to the broker, who was requested to make his overdrafts good at once.

The money market at the end of the month has lost all traces of the stringency, and call and time loans are easy and funds abundant. The foreign exchange market has been irregular, being affected by the alternate selling and buying of our stocks by Europe, and the increased demand from importers for bills to meet their October settlements on the other side.

In this connection, said a well-informed business man, "if the enormous October settlements come in promptly from the dry goods trade of this country for the four months' bills, on summer goods, then all danger of financial trouble will be over, and the speculative markets, as well as legitimate, will do better." Reports of fall trade, from both East and West, are generally good, as brought in by traveling men, and the outlook for a good business during the coming month is very favorable.

The ocean carrying trade, however, is an exception, especially the regular lines of steamships, which have been compelled to take grain at nominal rates for the past month, or ballast, so small has the export movement of our produce been, outside of cotton and some provisions taken from the Chicago packers at cut rates to Europe, which were as low as to New York. These stimulated considerable consignments to packers' agents on the other side, although it did not cause any free buying by exporters.

The grain warehousing and transfer companies here and West have also been having a hard time, and for a month have been offering to take in and hold grain in this city, from forty to sixty days, free of any charge whatever, in the hopes of drawing shipments from the West to fill up their stores, or a part of the twenty to twenty-two million bushels storage capacity for grain in this port. The Chicago and lake port elevators are in about the same condition, as well as many of the country elevators. This is due to the refusal of the farmers, as a rule, to sell their wheat at current prices in great part, and also to the wet weather in the Northwest, which has retarded the movement to market of spring wheat, which has been the smallest, so far, in years. As a result, the bears, who had calculated on the usual September movement, have oversold the October option of wheat in this and the Chicago market, and the fear of the market cornering itself has scared the shorts to cover, and helped the advance in wheat the last week or ten days of the month. Foreign as well as local houses have been caught quite short, as none expected wheat could advance until the close of inland navigation and the Western movement slackened at least, because wheat has gone down, down, without being able to rally and hold any advance until now, even with the late help of the two most powerful cliques ever in that market. Now, however, it advances without help, and in spite of both the home and foreign speculators, who were caught short, and did not suppose the poor American farmers had the power to resist their raids, by holding back their wheat. But it has proved they have, and also that they are the masters of the situation

if they are still inclined to exercise their power. This is a hopeful sign, for they have been the prey of speculators for years.

In a recent article we stated that either the producer, the farmer, must bull wheat this year, or the consumer, Europe; as the middlemen and speculators were powerless, after the collapse of the Cincinnati-Chicago and the San Francisco-Liverpool cliques; and that if the former bulled it, there would be an advance in the first half of the crop year. But if we had to wait for Europe to buy, it would not be until the last half of the crop year that we could look for higher prices for our agricultural products. It is now said that the feed crops of Europe are short as well as here, and that our exports of corn, and possibly of oats, will be much larger this year than last. The lately increased export demand for corn seems to indicate this. If so, there may not be so large a deficit in our exports as feared, on account of wheat, and the importation of gold may not cease, or be wholly dependent upon the purchase of our railway securities by Europe. On the whole, therefore, at the close of the month the business outlook is really much improved, and there is likely to be a still further improvement during the coming month.

DEATHS.

BOARD.—On September 5, aged seventy-two years, GREEN B. BOARD, President of Farmers National Bank of Salem, Salem, Va.

CHADWICK.—On September 5, aged seventy years, JEREMIAH CHADWICK, partner of firm of Chadwick & Becker, Fairport, N. Y.

CLEVELAND.—On September 5, aged eighty years WILLIAM CLEVELAND, President of Orange Savings Bank, Orange, N. J.

KENNEDY.—On September 13, ROBERT LENOX KENNEDY, Vice-President of National Bank of Commerce, New York city, N. Y.

LYONS.—On August 21, aged sixty-eight years, LYMAN LYONS, proprietor of Lyman Lyons Banking House, Palmyra, N. Y.

MOWRY.—On August 26, aged eighty-four years, SPENCER MOWRY, President of National Globe Bank, Woonsocket, R. I.

MURPHY.—On September 15, aged forty-nine years, EDWARD A. MURPHY, President of First National Bank, Woodstock, Ill.

PATTERSON.—On September 26, aged eighty-four years, JOSEPH PATTERSON, President of Western National Bank, Philadelphia, Penn.

RATLIFF.—On September 14 aged sixty-five years, R. W. RATLIFF, cashier of Second National Bank, Warren, Ohio.

SARGENT.—On August 1, aged seventy-two years, IGNATIUS SARGENT, President of Machias Bank, Machias, Me.

SEEVER.—On September 2, aged seventy-eight years, ABRAHAM W. SEEVER, Cashier of Northboro National Bank, Northboro, Mass.

WARE.—On August 10, aged seventy-nine years, JOHN H. WARE, Sr., President of Commercial Bank, Burlington Junction, Mo.

WHITNEY.—On September 19, aged forty-nine years, JOHN H. WHITNEY, partner of firm of Basset, Whitney & Co., Boston, Mass.

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THE BANKERS' CONVENTION.

The convention was not so fully attended this year as usual. In other years it has been held in August or September; a time when the bankers had less to do and could more easily get away from their business. The date of the convention this year was unhappily fixed at about the busiest season of the year for the bankers, and moreover, there were some peculiar reasons why many of them could not attend, especially those in the large cities. This has been a somewhat anxious time with them, as we all know, and they felt that their first duty was to their institutions, and so they remained at their places.

Pittsburgh is a central location between the West and East—a fair meeting ground—and on an occasion less pressing in the banking world the attendance would, doubtless, have been very much larger. Anyhow, there were enough to enjoy thoroughly the several meetings, and they went away contented with all they had seen and heard, and believing that the occasion had been quite as profitable as any other.

With respect to the literary feature of the entertainment, the papers were, perhaps, less numerous than those read or presented on former occasions; yet there were quite enough of them, and their quality, as a whole, it seems to us, will compare very favorably with those of former years. Several were read, as is usual, at the three sessions of the convention, and others were ordered to be

printed in the proceedings, which will appear in due time. Elsewhere we have selected some things from them, and if, perchance, our readers may not be altogether satisfied with the wisdom or fairness of the selection, we may add that as we did not have all of the papers before us when preparing our account of the convention other extracts and comments are deferred till the next number.

At the first meeting of the association, Mr. Knox read a long and interesting paper concerning our surplus—a question that is undergoing constant discussion among men everywhere. In the afternoon there was another noteworthy address by Mr. St. John, the President of the Mercantile Bank of New York, one of the most familiar banking names in the country. The larger portion of this address also dealt with the surplus question, but in a very practical manner. Mr. St. John showed how it was possible to relieve our plethoric Treasury by improving the depository feature of the National Banking System. The law does indeed provide a way for putting a portion of the public funds into the keeping of the banking associations; but a few amendments might be made, whereby a very large portion could be withdrawn from the Treasury and deposited with the banks, to the obvious advantage of all concerned. One of the difficulties with the present system is that the money must come from collecting officers, which would now take considerable time, as the revenues from internal sources have greatly shrunk. The law might be so amended as to permit the Secretary of the Treasury to withdraw on proper security the moneys that are now already in the Treasury. Were this done the banks could doubtless make agreements with the owners of bonds for their use as security, and by so doing the Treasury would be relieved, and this vexatious question of a surplus would be at least temporarily settled. There was, in truth, no more important paper presented to the convention, and it deserves the most serious attention, not only of the bankers, but of the whole country.

As the convention is now organized and conducted, all the various motions and resolutions are presented and referred to an executive committee, who report thereon to the convention. Now it so happens that the most of these resolutions are presented on the last day of the convention. That was the case this year, and is the case quite generally. The consequence is that the executive committee have but very little time to consider them, and perhaps injustice is unwittingly done to those who present them; while little time, too, is left for action after they are reported. Now, one of two things ought to be done. Either the resolutions ought to be so modified that action could be taken on them without reference to a committee; or else they ought to be presented on the first day of the session and be considered in the afternoon or evening of that day and re-

ported the next morning. If this were done there would be time for their due consideration. Besides, under the present mode of proceeding the executive committee are considering resolutions that are referred to them at the very time when they ought to be on the floor to explain or defend other reports which they have made. The entire arrangement is indeed quite an awkward one, and ought to be remedied. The executive committee is usually composed of many of the most prominent members of the convention, who, for that reason, ought to be present when the resolutions are considered; while now they are in the committee room, thus leaving their reports to be debated during their absence. It seems singular that this awkward mode of proceeding should have been continued so long. A much better way would be to have most of the resolutions, at least all of the more important ones, presented the first day and referred and acted on by the committee; and then at the opening of the session the second day to act on them before proceeding to the reading of papers which might be omitted if there were not time for doing everything.

One feature of this convention is certainly worthy of mention, and that is the mixing of a discussion of some of the most important topics of the time with a little entertainment in the way of sight-seeing and social festivity. The bankers have spent a good many years in learning how to have both a profitable and interesting convention; but they have at last succeeded. In the doing of both things the meeting this year was successful. Not only did the Pittsburghers treat the members in the most courteous manner, but they also furnished another treat for them in the way of showing the mechanical wonders of that great city; such a treat, indeed, as some of the bankers had never before experienced. The visits, especially on Thursday and Friday, to the great workshops of the city, were something of a revelation, and long to be remembered, and were a fitting and delightful end to the more serious discussions of the convention.

THE SURPLUS AND THE PUBLIC DEBT.

The only discussion at the Bankers' Convention worthy of notice was over the surplus question. Mr. Knox, in his address, proposed the exchange of a two and a half per cent. bond for the existing four per cent. bond, the Government paying the difference of one and a half per cent. interest to the present holders. He did not profess to originate the scheme; indeed, it has been before the country for several years; but he set forth its advantages both to the bondholder and to the people in an interesting address, a portion of which will be found elsewhere in the present number. In harmony with his view, the executive committee, of which he was chairman, reported the following resolution:

Resolved, That the American Bankers' Association recommend the passage of a bill providing for the refunding of United States 4 per cents into 2½ per cents by anticipating the payment of so much of the interest on the 4s as is in excess of the proposed rate. The present worth of such excess of interest is to be computed at a rate not above the borrowing power of the Government, and also providing for the extension of the time of payment of the proposed 2½s by annual payments of \$100,000,000 from July 1, 1907, to July 1, 1913.

This report was presented at the opening of the second day's session. It was first opposed by Judge Ewing, of Uniontown, Pa., who asserted that the people were desirous of extinguishing the debt at the earliest day; that they did not feel the burden of paying it; and that the true policy for the Government was to continue in the successful way of the last twenty years and devote the surplus of the government to the debt reduction, until none remained. Mr. St. John, of New York, made an effective speech on the same side, which may be found at the close of this article. Mr. Sneed, of Kentucky, also opposed the resolution, declaring that if the bankers really wanted a two and a half per cent. bond, the wisest thing to do was to be silent; for Congress, judging by the past, would go as nearly contrary to the wishes of the Bankers' Convention as they possibly could. For this body, therefore, to recommend such a bond meant its inevitable defeat; and if Mr. Knox really wished his scheme to succeed, the less he said about it at that convention, the better. With hardly a dissenting vote, the convention was opposed to adopting the report, and the members showed clearly enough by remarks and in other ways that they were heartily in favor of continuing the present policy of paying the debt.

The action of the bankers on this question, in our judgment, was the most important thing they did during the two days they were assembled. We have known well enough for a long time that

the bankers quite generally throughout the country were not in favor of permanently continuing the debt. Mr. Sherman, when Secretary of the Treasury, told the writer that he believed in reducing the debt to about one thousand millions of dollars, and of keeping it nearly at that figure. Mr. Knox holds essentially the same opinion. He can see clearly enough that if the interest charge is reduced from four per cent. to two and a half, that the aggregate sum paid will not be very large; that the people are not likely to feel it, and therefore that this debt can remain forever, and he frankly says that this is his wish. We rejoice to think that those of a similar opinion are few, and growing scarcer every day. This is no country to maintain such a policy, either with regard to national, municipal or private indebtedness. Doubtless long ago Mr. Sherman changed his mind with respect to perpetuating our national debt. We cannot imagine a declaration of that statesman in his long career which would be so unpopular with the people at the present time, as to announce that he proposed or desired, for the benefit of a very small class, that the national debt should be perpetuated. The argument in favor of doing this is nearly all on one side. The reasons why an individual should pay his debts apply with just as much force to public debts of every kind; moreover there are some additional reasons why we should make haste in paying our national obligations. It is true as a mathematical proposition that the Government would lose nothing by exchanging the four per cent. bond for one bearing two and a half per cent. interest, always supposing that the conditions with regard to payment would remain the same. But these conditions cannot be insured; they may change, and in fact one of them certainly will change in the near future. At present the people are heartily in favor of continuing the present policy. Nothing has delighted them more during the last twenty-two years of our national life than to read the monthly statements of debt reduction. The reason is not simply that with the extinguishing of the debt one of the unpleasant memories of the war will pass away; it is that a national debt in this country is a new and repulsive thing. After the close of the revolutionary war the people set to work bravely to pay the debt incurred to win our independence, and had made a large reduction before the war of 1812. Then there was a heavy increase, but in a few years even that debt, together with the remnant of the revolutionary one, was discharged. Then the Mexican war created another debt which was speedily paid, and, at the outbreak of the civil war our country was nearly free from indebtedness, owing only about sixty millions of dollars. The people wish for a day when our country will be free, financially as well as politically.

Now, sentiment has a great deal to do with easy debt-paying. Two things combine to make this easy—the ability and the inclination. This is just as true of a nation as it is of an individual. If he has large means and the inclination he can give away a hundred thousand dollars with pleasure, while if disinclined a gift, even of five dollars, to some object, is made with reluctance. We have a large surplus; we are in the mood for paying the debt, and, therefore, the present policy should be continued. If this mood should cease, no matter what our ability to pay might be, it is very doubtful if debt-paying would ever be renewed with any heart or success.

Many years ago it was said in Great Britain that the rapid increase in population would diminish the burden of the national debt, and, therefore, it would be a good thing not to pay at present, but to wait for an additional crop of persons to assist in discharging the burden. But what has happened? Plainly this, that notwithstanding the enormous increase in population the people have become disinclined to pay. Nothing can be done in that direction except by establishing most ingenious sinking funds and other expedients which the people are unable to comprehend. In other words, the ministry cannot undertake any plain or simple mode of paying the debt, for the reason that Parliament will strongly oppose it, and to accomplish this end it is necessary to resort to some dark and inexplicable procedure which is not generally understood. We should not forget England's experience in this regard. If debt-paying should once stop there is every reason to suppose that we should be as disinclined to begin as are our brethren on the other side of the sea.

Those who are strenuous for reducing the taxes because they see no further outlet for the national surplus, should move slowly in this matter. It is true that our surplus is very large to-day; but it must also be remembered that our revenues, which are derived from importations, have always been of an uncertain and varying nature. The ups and downs in our revenue history have occurred at short intervals. Just now we are getting a large revenue from imports, but it is not likely to be so large much longer. Nothing is more familiar to us all than the varying sums from year to year derived from this source. If we should proceed to-day to diminish our taxes overmuch, very likely in a year or two we should find ourselves stranded, with a revenue insufficient to pay our obligations. It may be that taxes on some things might be repealed, especially on some raw materials, and perhaps the tobacco tax; but our legislators should move slowly in reducing them, and for the reason above given. Having erected our factories and equipped them, our manufacturers, or their successors, will surely

run them and supply the country's needs more and more fully in the coming years. Our own markets, at least, are to be completely conquered by American skill and capital. If this be true our revenues from imports will constantly shrink, and the surplus will be smaller to apply to debt reduction, or to anything else.

We should not think simply of to-day, but of the future. All of the leading nations are competing more and more sharply for the world's trade. To secure our own no preparation can be more effective than to accumulate capital and to discharge every debt and burden, whether individual, municipal or national, that we have. The nations of the old world are all burdened with debts of various kinds, and if we, while having the means, should seek to remove ours, we should be in the best possible position to compete successfully with them in the future. Not to do this is inexcusable folly. The action of the convention will meet with a favorable response throughout the country, for it is a sure interpretation of the feeling of the American people on this subject.

MR. ST. JOHN ON THE SURPLUS QUESTION.*

In 1883 a Bill to refund the public debt was offered in the house by Mr. O. B. Potter, of New York, and was there urged by him during two sessions of Congress. To those of you who were bored by my numerous circular-epistles persistently beseeching your endeavors in behalf of that proposition, it may occasion momentary surprise that I rise here to oppose this almost identical scheme of refunding now offered by Mr. Knox. Perhaps I shall satisfy you, however, that existing circumstances and conditions, and the attitude of the Treasury toward the debt, between then and now, are so different that the proposition at that time likely to prove a grand success, and eminently patriotic as a measure if *then* enacted, would threaten failure if attempted now, and ought now to be condemned, if promising success as opposed to public policy.

The Potter Bill offered the Government an investment at the rate of three per cent. per annum, quarterly compounded, for its surplus income of about two and a half years, and there would have been remaining in the interim, for the investment of the surplus income of about three years thereafter, some three hundred million dollars of three per cent. bonds redeemable at par. Here was a five and a half years' profitable employment of the surplus, upon an investment of the Government moneys at the full rate of three per cent. per annum quarterly compounded, and it was then reasonably supposed that during this period of five and a half years, Congress

* Address at Bankers' Convention; see p. 339.

might be relied upon to legislate effectually against excessive revenues thereafter. If we recommend Mr. Knox's proposition now, we must assume that now, within a period of eighteen months, the requisite legislation is to be secured; the surplus of about eighteen months will be sufficient if the refunding scheme succeeds. But experience is against any such assumption, especially on the face of the embarrassments of a presidential campaign.

Mr. Knox states his estimate of the borrowing power of the Government to be at the rate of from 2 to 2.30 per cent. per annum. But he cannot seriously ask the Government to assume a lower valuation for its moneys than the rate which he proposes it shall agree to pay upon an issue of seven hundred million dollars of bonds, viz.: two and a half per cent. The Potter Bill, as stated, assumed the valuation of the Government moneys at three per cent. per annum, quarterly reinvested, and upon that basis, at that time, the Actuary's computation showed a premium of about twenty-four and a half per cent. to be paid by the Government to holders of its four per cent. bonds in the exchange for two and a half per cents of like maturity, *i. e.*, having twenty-three years to run; and the ruling market premium was only twenty-two and a half per cent. At the present time, however, upon the valuation of the Government moneys at only two and a half per cent., in the like exchange of bonds having now nineteen years to run, the premium to be offered holders of the four per cents would be only twenty-two and sixty-three one-hundredths per cent., as against a market premium of twenty-five and a half per cent. at present obtainable for these bonds. If, therefore, the two and a half per cent. bond is to be worth no more than par, the holders of the four per cents must make a sacrifice of nearly three per cent. if they consent to the proposed exchange; which is equivalent to saying that the scheme would prove a failure if enacted. If, however, the proposed two and a half per cent. bond is to command at once a premium of three per cent. and more, and present bondholders foresee it, the privilege of refunding will likely be accepted; but when refunding is complete, then, for the investment of its surplus income still accruing, the Government becomes once more a compulsory purchaser of its debt. Its bonds, within the hour put out at par, it must beg the privilege of buying at a premium.

If, then, Mr. Knox persuades us to recommend an attempt, at this late day, thus to refund the public debt, he must work us out of this dilemma, viz.: either the refunding will prove a failure if attempted, or its success will at once inure to the disadvantage of the United States.

FINANCIAL FACTS AND OPINIONS.

Clearings at Cincinnati.—The Clearing-house Association of that city is composed of twenty banks, private and corporate, and the post-office. The business of the banks and post-office during the past six months is shown by the following table. Their business through the clearing-house is taken as a basis for an assessment on each member of the institution for its support for the next six months. Clearings, as shown by the table, amounted to \$558,500,000 for the six months beginning April 1, 1887, and ending September 30, 1887. An assessment of \$1.50 for each \$100,000,000 of clearings, and \$10 each for membership fee is levied upon the members of the institution for its support for the six months ending April 1, 1888, producing \$1,047.75, from which is deducted \$50.80, assessed against the Fidelity National Bank.

The new banks—the Atlas and Market—have done remarkably well in the first full six months of their existence, especially the latter, as its clearings are close up to those of some of the older ones. The banks in the table are arranged in order, according to the amount of business transacted:

<i>Banks.</i>	<i>Clearings.</i>	<i>Assessment.</i>
First National.....	\$ 67,100,000	\$ 111 10
Citizens' National.....	61,900,000	102 85
Third National.....	58,600,000	97 90
Merchants' National.....	55,500,000	93 25
Ohio Valley National....	48,100,000	82 15
National Lafayette.....	43,400,000	75 10
Fourth National.....	36,600,000	64 90
German National.....	30,900,000	56 35
Fidelity National.....	27,200,000	50 80
Metropolitan National.....	21,300,000	41 95
Second National.....	17,100,000	35 65
Equitable National.....	17,000,000	35 50
Cincinnati National.....	15,200,000	32 80
Commercial.....	11,800,000	27 70
S. Kuhn & Sons.....	11,600,000	27 40
Franklin.....	8,000,000	22 00
Queen City National.....	7,700,000	21 55
Western German.....	7,300,000	20 95
Market National.....	7,000,000	20 50
Atlas National.....	3,300,000	14 95
Post-Office.....	1,600,000	12 40
Totals.....	\$558,500,000	\$1,047 75
Less Fidelity assessment.....		50 80
		<hr/> \$996 95

Auditing of Public Accounts.—Among the most interesting papers read at the Bankers' Convention was one by the Hon. Henry M. Knox, Public Examiner of Minnesota, which we shall lay before

our readers in the next number. The reason for creating the office of Public Examiner was that many of the public officers had become careless or irregular in keeping their accounts. Mr. Knox has administered his office with great success. The wisdom of extending the system can hardly be questioned. Perchance in some of the older States, the county and other public accounts are audited with some regularity; but we venture to say that everywhere more or less negligence and irregularities prevail, and a public examination of them would disclose these things. In many cases, the public officers are paid nothing for their services, and, fearing no examination, they do not feel like devoting more than the scraps of their time to public business, and particularly to the dry matter of keeping public accounts. So, for one reason or another, they are doubtless kept in a quite imperfect way in many places. Auditing, it is true, is done to some extent in all the States, but we have no doubt that a systematic examination would reveal many irregularities. Such an examiner, if properly selected and adequately paid, could perform a most valuable service for every State. Many officials, knowing that their accounts would be examined by him, would be more careful to keep them than they now are. In other cases corrupt and irregular accounting would be exposed and the public would be likely to save far more than the salary of such an examiner every year. We are quite sure that our readers will derive interest and profit from reading Mr. Knox's paper.

Railroad Construction and the Money Market.—One reason for the unusual demand for money this year is the extensive railroad building, especially in the western and southern sections of our country. Not only is a large amount wanted for this purpose, but its circulation is slower than it would be if employed to make payments in the manufacture or exchange of goods. A large portion has been sent into the far West to pay for labor and supplies obtained along the lines of these projected enterprises, and slowly finds its way to the places whence it started. This explains partly the need of more money; but in this connection it may also be asked, is not railroad construction going on too rapidly, and if checked, will not less money be needed? It is true that railroad extension in great part has been conducted by existing corporations that are old and strong, and wherever this is so, doubtless they are justified in extending their lines. But some of the new ones are of a more questionable character. Sooner or later a halt will be called, and then an inventory will be taken of their necessity and value. Within a month there seems to have been more scrutiny into the need of these enterprises, and this has led to renewed doubts of their worth in some cases. This scrutiny

is having its effect on the stock market and in other ways. The banks that have been assisting contractors and other borrowers of money for these undertakings would do well to look after their security. The importance which was given to Mr. Depew's unfavorable judgment, the other day, concerning the worth of some of these undertakings, is explained by the facts above given. It fell into a current which ran that way, and coming from one who ought to know so much about these matters, it added force and volume. While there is no reason for condemning these new undertakings as a whole, a careful discrimination should be made by the purchasers of bonds and the discounters of notes or other securities. The sound concerns are worthy of support, while the visionary schemes should be carefully avoided.

Secretary Fairchild's Bond Purchases.—A recent issue of the *London Economist* contains an interesting article relating to the Secretary's policy for relieving the money market. The writer understands the situation well, but somewhat fails in his knowledge of the Secretary's power to continue bond purchases. He supposes that the Secretary has authority to buy only enough to satisfy the requirement of the sinking fund, and that when this is met he must stop; consequently the relief that he can afford to the money market is not very great after all. But the writer is not altogether right in this matter. The law specifying his power in making purchases is the following:

The Secretary of the Treasury may at any time apply the surplus money in the Treasury, not otherwise appropriated, or so much thereof as he may consider proper, to the purchase or redemption of United States bonds; *Provided* that the bonds so purchased or redeemed shall constitute no part of the sinking fund, but shall be canceled.

It will be seen that under this law he has authority for continuing bond purchases at his discretion. Indeed, ever since the payment of the debt began in 1865, the Secretary of the Treasury has bought almost every year, with only a few exceptions, more bonds than were required to satisfy the sinking fund. No one has ever questioned his authority to do so. Some years the sinking fund requirement has been exceeded by a very large sum. If, therefore, the Secretary should continue to buy bonds during the remainder of the fiscal year to the full amount of his surplus, he would simply continue the policy of his predecessors. When the bankers were asked the other day, at his request, for their opinion on his right to continue purchases, they all, we believe, without exception, were in accord. He need not fear, therefore, to continue that policy, so far as the legal aspect of the matter is concerned.

Bank Note Redemption.—At the Pittsburgh Convention, Mr. St. John, President of the New York Mercantile Bank, in his excellent address, suggested an amendment to the law which requires banks to reimburse the United States Treasurer for the cost of redeeming national bank notes and “to authorize and require the Treasurer to pay the charges for transportation upon only such of said notes received by him as shall be unfit for circulation, and upon the moneys remitted by him in their redemption, the said associations to reimburse him as now provided by law.”

“You will remember that, under existing law,” he said, “all charges in the redemption and returns for national bank notes are paid at the expense of the national banks, such of the redeemed notes as are fit for circulation being forwarded to the bank of issue. This was a wise provision when public confidence in the national bank note was yet to be established, but to-day the provision is abused. Thus, for instance, a national bank is located, say, in Montgomery, Ala. Among its neighbors is a banking firm competing in the business. At certain seasons of the year exchange on New York will rule at a premium. Meanwhile, for cash in Montgomery, the national bank notes are as available as coin, and the banker conveniently accumulates them in part of his cash reserve. So soon as exchange on New York has reached a premium in Montgomery this banker ships the notes to Washington, requesting remittance in redemption to his correspondent in New York. A few days thereafter the notes fit for circulation, many of them scarcely wrinkled, are returned by the Treasurer to this bank of issue, to be again put into circulation. The banker continuing his accumulating gathers in, with others, these same notes, and forwards them to Washington for redemption and remittance to New York; repeating the operation not once nor twice, but several times a season, and every time at an expense to his neighbor, the aforesaid national bank.

“Under every other system of bank note issue and redemption the note-holder, or his agent, must himself present the note to obtain redemption; and at his own expense, of course. It will be no hardship in the case of the national bank note, therefore, if the national bank shall be required to pay no more of the necessary expenses of redemption than fairly applies to notes unfit for use.”

Light-Weight Silver Coins.—Mr. St. John also proposed the following law: “That standard silver dollars and any subsidiary coins of the United States, if reduced in weight by natural abrasion not more than $\frac{1}{2}$ of 1 per centum below the standard weight prescribed by the law which authorized their issue, and

presented at the Treasury, or any sub-Treasury of the United States, in sums of not less than \$20, shall be redeemed at their nominal values; and the same if, by any means reduced in weight more than the said $\frac{1}{4}$ of 1 per centum, and presented at any mint, or assay office, of the United States in sums of not less than \$20, shall be redeemed by purchase at the rate of 116 3-10 cents per ounce troy; and all of the said subsidiary coins of such light weight shall be accounted to weigh 6 9-10 per centum more than their ascertained weight, and this allowance of overweight shall be made and paid for at the proper cost of the United States; and all the said redeemed and purchased coins shall be received according to law.

"The United States coins its silver dollars," he said, "at a legal tender valuation at 116 36-100 cents per troy ounce of standard silver. Its subsidiary coins were minted during the period from 1854 to 1873 at 8 per cent. light, and those since 1874 at 7 per cent. light of the standard weight. It is therefore proposed upon an appointed valuation of silver 6-100 of a cent per ounce in favor of the United States in all redemptions, that the purchase of light-weight subsidiary coins shall be made with an allowance of 6 9-10 per cent. more than their ascertained weight. It is not proposed that the Government shall part with any of the profit already realized on the original purchase of bullion for its coinage. It is merely asked that it shall forego a second profit in redemptions when that second profit can be acquired only at the sacrifice of individual holders of its coin. That the measure of this sacrifice under existing law may appear, let us suppose that the silver in a full-weight standard dollar has a present market value of but seventy-five cents, and let one of these coins be thrown out as of light weight. The owner's sole recourse is to the bullion dealer, where, in addition to the shortage of weight, he must endure a loss of 25 per cent. If his light-weight silver be two half-dollars his immediate loss is an additional 7 or 8 per cent., say 32 or 33 per cent., besides the loss in weight. On the other hand, suppose the law amended, and the Government were to redeem by purchase at the full legal-tender valuation of its coin, and let the dollar be 2 per cent. light of standard weight; the Government thereby becomes possessed at par of 98 per cent. of the sufficient silver to recoin the dollar, and the required 2 per cent. may be obtained in market at a discount of 25 per cent. This redemption and recoinage of the dollar will thereupon be made at a profit to the Government of half a cent per dollar. It would thus appear that the matter need only be brought to public attention in order to secure for the proposition its prompt enactment into a law."

Defalcations.—A correspondent of the New York *Tribune* proposes the following remedy: "Let every board of directors employ an expert, able to take the place of president, cashier, book-keeper and teller. Let him be empowered to say to president or cashier: 'I will go over your assets to-day,' or to teller: 'I will settle your cash to-night,' or 'You go off on a week's vacation—I will take your place,' or to a book-keeper: 'I will write up your books and the customers' books for a week while you go fishing.' If they are honest they will be glad of a vacation any time, and if dishonest they ought to have gone long before. What employe would dare to steal the first dollar if he knew that his accounts might within one hour be examined? Not one. It would not cost \$140,000, but would cost some moral courage on the part of the directors."

Dutch Speculation.—Some persons maintain that, however great may be the evil, it can be checked only by hard experience. No legislation or external rule can be effective in checking it, and those who think so are quite strong enough, whenever the question is considered of applying a legislative or other formal remedy, to have their way, and consequently the evil is permitted to run its course. The Rotterdam Chamber of Commerce regards the matter in another way. Speculation in coffee having been attempted there, the association did not hesitate to take action for its suppression. In its last report the following appears concerning the introduction of speculation and the remedy adopted to suppress it: "The year 1886 saw the first time-bargains in Java coffee in this market. It has been thought prudent to put some restriction to this way of doing business, and to prevent our market from degenerating into the state of things found at Havre and New York, where often in one day more coffee is sold than the whole stock amounts to. Consequently it has been arranged that these time-bargains cannot be concluded for a certain number of bags of coffee without giving further particulars, but only for a definite number of warrants of lots actually in stock. The broker through whom the business is done has to specify the *numbers* of these warrants in the contract, thereby giving the buyer the disposal of a definite quantity of coffee. In this way there is no danger that an imaginary quantity of coffee changes hands; the same warrants cannot be sold to different parties at a time, and the number of bags represented by the warrants really exists."

Increasing Value of Money.—The *Stockholder* says that "it has been very generally believed that the average of interest rates in

this country has not only steadily declined, but that it is still going down. Many have thought that it would not be long before the rate here would be as low as it is in England. At the recent convention of insurance superintendents, however, it was announced that an extended inquiry among bankers and brokers who handle capital, and investors who make this business a specialty, reveals the fact that the downward tendency was long ago checked, and that, for a considerable period, the rate of interest has been steadily appreciating, and at no time faster than the present. They also concurred with great unanimity in the opinion that the average rate of interest throughout the country, aside from Government and municipal securities, is not less than $5\frac{1}{2}$ per cent. at the present time. This information was obtained by a committee that had been appointed to make an examination for the purpose of showing whether the rate of interest, present and prospective, does not appear to require in the near future the establishment and maintenance of the reserve of insurance companies on a higher standard than 4 per cent. interest. The committee concludes that there is not at present or in prospect that condition of interest rates which would render a change of the standard of net values either necessary or expedient."

The Sugar Trust.—During the last month the principal business combination was that of the sugar refiners. With two or three exceptions, they have finally agreed to enter into a joint arrangement for the refining of sugar. On several occasions an attempt of this kind has been made, but every plan has failed. It would seem to be more feasible than the formation of several of the trusts with which we have become familiar, for the reason that the refiners are not numerous. They exist principally in New York, Boston, Philadelphia and in a few other large cities, and have been managed generally by men of great business capacity. Notwithstanding their small number, combination among them heretofore has been impossible. On the other hand, competition has been exceedingly sharp, the capital invested is very large and the profits are small. At last, however, their heavy risks and losses have mollified them, and a trust has been formed. A prominent manufacturer says: It won't amount to anything, for the reason that there is not trust enough among refiners to make such a thing successful. They have been trying for fifteen years to form a combination to regulate production, and consequently the price of sugar, but have failed in every instance for the reason mentioned. The New York refiners can't trust those of Boston and Philadelphia; Boston and Philadelphia can't trust New York; and the refiners in each city can't trust each other. * * * It was found to be so easy to

cheat the combination that all efforts to make it permanent and successful were finally abandoned. An attempt to do the same thing under the name of a "trust" will meet the same fate.

At the same time we learn of a combination among the Montreal wholesale grocers for fixing the price of sugar. The old story is repeated. Competition is so sharp that no profits are left, while they all seem to think, and with reason, too, that something should be made from the sale of sugar as well as from the sale of anything else. So a scale of prices has been fixed, reasonable, indeed, so they assert, and the public will watch with interest the execution of this agreement.

Risks in Banking.—The enemies of banking institutions, who regard them as soulless and as straining for the last cent in every discount, rarely see the losing side of the business. Perhaps they do not think it is worth while to learn what risks are undertaken or how much banks lose through bad investments. Even the most conservative banks, which have no intention of buying or discounting anything but the best paper, run risks and every now and then meet with heavy losses. The recent failure of E. S. Wheeler & Co., of New Haven, is an illustration. This concern enjoyed a high reputation in the business world and their paper found a ready market. Their paper had always been promptly paid, and they possessed large capital and strong friends. The New Haven banks especially had discounted their paper heavily; so had the Hartford banks, only a few miles away, and other banks very naturally supposed that such a concern, possessing the confidence of so many banks nearer by, must be of the soundest character. The failure proved to be very disastrous, and the banks are likely to lose heavily. Such a failure does not occur very often, it is true, but it illustrates well the risk involved in the business of banking, and which is so frequently ignored by those who denounce these institutions.

German versus English Competition.—The October number of the *British Mercantile Gazette* contains a large number of interesting paragraphs and longer articles relating to this subject. Judging from these, the English manufacturers are evidently disturbed over the progress which the German is making in wresting markets which have hitherto been regarded as secure. This is particularly the case with the South American markets. In these the German is making rapid progress, and in some of the letters and reports published in the *Gazette* there is truly every reason for alarm. In discussing the causes of German success, several points are made which are worthy of note. One of the leading causes is

that the Englishman pays too little attention to the wants of his customers. Goods are manufactured, not, indeed, without thought of what is wanted, but without that careful study and examination of the wants of the South American people that are made by the more enterprising and thorough-going German. He has entered the field and is making what he knows is desired. The Englishman, on the other hand, is quite prone to reverse the rule. The success, therefore, of this new competitor can be easily understood. This seems to be one of the principal reasons for the successful invasion of these markets. Another reason given is that the German is not particularly scrupulous with regard to the character of his goods, and uses the English brands and marks whenever these will serve his purpose. Of course this is an old trick of the trade, and while the Englishman may justly complain of its application in this particular case, yet he has also applied it on other occasions whenever he could do so to his own advantage. A third reason for German success is in perpetuating his establishment instead of having it die with himself. One correspondent writes: "Hardly any English house appears to take any trouble to provide itself with successors for the time when the founders or actual chiefs have to retire, in order to continue the business. The employes are looked upon as employes, and nothing more. Partnerships are seldom, if ever, given to them, and are certainly not held out as a reward for long and steady service. The consequence is, when the principals grow old, or sufficiently wealthy to make them more or less independent of business, there is no one in the concern with sufficient interest to push it properly, and compete with younger and more vigorous opponents, especially when these are foreigners. In this way houses are continually dying out; for, even if there are sons, they are generally in England enjoying the fruits of their father's industry, which they are inclined to prefer to the drudgery and drawbacks of commercial life abroad. The Germans, on the other hand, seem to take care to provide themselves with successors in their clerks, whom they make junior partners as the older partners retire, and so the continuity of the house is carried on, with all the advantage of unbroken connection and experience joined to new blood and ideas. The business is kept, so to speak, in the same hands—at any rate, the same nationality."

Cost of Growing Wheat and Sending it Abroad.—The Cincinnati *Price Current*, one of the most valuable of the trade papers, gives some information about the cost of raising wheat at an advantageous point in this country, and of sending it to Liverpool. On the bonanza plan in the Northwest it can be grown and

delivered to the interior elevator at forty cents per bushel, and shipped to Liverpool at 26.60 cents per 100 pounds. "This implies 21½ cents per bushel from Duluth to Liverpool. Possibly there are some other small charges to place the grain in the hands of the seller in Liverpool—but 25 cents per bushel undoubtedly more than covers all, on grain from Duluth, including commission to the purchasing agent. The logic of this information, in conjunction with what is stated as the price at which wheat can be delivered at elevators on the spot in the Northwest, where the bonanza farming is carried on, with an allowance for carriage to Duluth, is that Dakota can put wheat into Liverpool at 75 cents per bushel, if the estimate is sound that 40 cents will place it in the interior elevator."

Germany's Attack on Russia's Credit.—It is rather odd for one nation to attack the financial credit of another. This, though, is what Germany is doing at the present time. Russia has been treating German subjects and German interests within its dominions very harshly, and the man of blood and iron is determined to make Russia feel his power. So he has attacked Russia at a vital point. Russian credit for several years has been of a precarious character, although interest on its bonds held abroad has been promptly paid. Nevertheless, there has been an annual deficit; the accounts have never been given to the public with fullness and precision, and a general feeling prevails on the part of those who know most concerning Russian finances, that its treasury is in a sinking condition. One of Russia's ways of maintaining even the credit she possesses, is in covering up very completely her finances from the public eye. Some of the German newspapers have, however, been letting some light into the Russian treasury and revealing a state of things which, indeed, it was supposed existed there, but of which the public had less certain knowledge. Of course, Bismarck has a purpose in thus undermining Russian credit, but what that purpose is, is not altogether clear. The general opinion is that he is trying to bring Russia to terms with respect to German subjects and interests in the Russian Empire. Any way he is very effectually depriving Russia of credit, and thus keeping off the day of war. Probably nothing prevents Russia from indulging in another fight, except the lack of money. So long, therefore, as Germany succeeds in accomplishing this end, the world should rejoice, however bitterly the Czar may grieve.

Railroads in Asia Minor.—At last the construction of railroads in that quarter of the world is to be begun and extended eastward

until they reach India, and probably the Pacific. Asia is a vast country to cover with railroads; but in the not distant future these instruments of modern civilization are likely to be planned and built in many directions over that great continent. Russia is building one through Siberia, and the English have already several thousand miles built in India, which, however, form only a part of a mighty system. In China, too, we hear of agreements and negotiations for their construction along the seacoast and into the interior. A company is building a railroad through the Balkan country to Constantinople, and this new line, from that point eastward, is therefore a needful link in the chain extending eastward to India and the Pacific. The wonder is, perhaps, that railroad building in Asia Minor should be so belated. But one reason is the instability of the Turkish Government. It could not give the needful guaranty, and capital is everywhere timid. Even now there would seem to be a great risk in undertaking this enterprise. In the Russian possessions throughout Asia and in India and China, the conditions are quite different. But the Turkish Government exists only in name, and not much security can be afforded by it to any enterprise of this character. Those who have projected this railroad have doubtless carefully considered their risk, and are counting on the absorption of the country through which it is to pass by some power that will be friendly in the end. Its construction is invested with unusual interest, because it is evidently the beginning of a great system which is to permeate Asia in several directions.

An International Dollar.—The *Mexican Financier* has been discussing this subject, and so have several of its correspondents. Says that journal: "It strikes us as a complicated question; the standard of value in the United States is a gold dollar, and the silver dollar, worth about 75 cents in gold, is kept in circulation just as Treasury notes are, because the United States Government, with all its wealth and credit, is behind it. A silver dollar is worth less than a gold dollar, and no argumentation can rub out this fact. Here in Mexico we have for our standard of value the silver dollar popularly known as the "eagle dollar." How to adjust the currency systems of the two countries so that an international dollar could be floated successfully is a most difficult matter to ascertain. That Mexico would be an immense gainer by some monetary agreement with the United States, were it practicable to carry it into effect, there can be no sort of doubt. Whether it be wise to enter into such an arrangement must also be soberly considered."

A New Shipping Point.—Cities rise and fall, some slowly, others

in a single night. Newport News is one of the latter kind. A few years ago it was the name of a place in the Hampton Roadstead, at the mouth of the James river, and the scene of a famous naval conflict during the civil war. To-day it is a town of considerable size, having large wharves and frequented by numerous vessels. For the twelve months ending August 31st, the doings of the ports of Norfolk and Newport News were:

	Exports.	Imports.
Newport News.....	\$ 7,712,318	\$677,998
Norfolk.....	15,635,754	51,726

Norfolk, close by, and two hundred and fifty years old, has only twice the quantity of exports, while its imports are less than a twelfth of those of the other place. Norfolk, moreover, has something of a trade in its own vicinity; and this is especially true of the larger and older cities along the seaboard. But the trade of Newport News is drawn from hundreds and thousands of miles to that point, and yet business can be done with so much advantage that, as the above figures show, its business is increasing with great rapidity. Possibly some diversion may happen, and this trade may be taken away as speedily as it has been formed. The business world is full of uncertainties, and no one can tell what may happen to this or any other place of a like character, whose conditions of success depend so largely on causes outside of itself.

A Model Bank Examiner.—In my opinion no person should be eligible to the office of bank examiner who is not only a thorough accountant, but has had some practical experience in the banking business. No man knows or can know how to examine a bank as well as a banker. It is true that after several years of service a bank examiner who, at the start, does not possess the prerequisites to which I allude, may become tolerably efficient. The examiner, then, should be not only a thorough accountant, but an experienced bank accountant, one who can comprehend at a glance the multifarious systems of bank bookkeeping which he meets—for the systems of keeping their accounts are as numerous as the banks themselves. He should be not merely a plodding, methodical, accurate accountant, but he must be alert, active, vigilant—one who knows a kite when he sees it—especially if it have a long tail—and can't be bamboozled into counting the same money twice over to make the cash balance, as we are informed was the case in what was once represented to be the largest bank in Ohio.—*Extract from paper of H. B. Wilson, of Ironton, O., read at Bankers' Convention.*

INDIVIDUAL LIABILITY OF NATIONAL BANK SHAREHOLDERS.

"The shareholders of every national banking association shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts and engagements of such association, to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such shares; except that shareholders of any banking association now existing under State laws, having not less than five millions of dollars of capital actually paid in, and a surplus of twenty per centum on hand, both to be determined by the Comptroller of the Currency, shall be liable only to the amount invested in their shares; and such surplus of twenty per centum shall be kept undiminished, and be in addition to the surplus provided for in this Title; and if at any time there is a deficiency in such surplus of twenty per centum, such association shall not pay any dividends to its shareholders until the deficiency is made good; and in case of such deficiency the Comptroller of the Currency may compel the association to close its business and wind up its affairs under the provisions of chapter four of this Title." (*Rev. Stat., Sec. 5151.*)

Though a national bank may not be bound to admit a purchaser of its shares "to all the rights and liabilities of the prior holder of such shares," unless they are transferred to him on the books of the association in the manner prescribed in its by-laws or articles of association, yet when a certificate of stock is issued to a subsequent purchaser in lieu of the certificate of the prior owner without observing its by-laws relating to the transfer of stock on its books, certainly, so far as creditors are concerned, the holder of the shares will be subject to the liabilities imposed by this section. (*Laing v. Burley*, 101 Ill., 591; *Davis v. Essex Baptist Society*, 44 Conn., p. 585.) A similar view has been expressed by Judge Blodgett, which has been approved by the United States Supreme Court. "Shareholders of a national bank must remain liable until a transfer of their shares is made on the books of the bank; and a transfer of shares after the bank has become insolvent certainly cannot be construed to release the shareholders from liability to the creditors of the bank, for the reason that it would enable the shareholders to wholly escape liability by transferring their stock to irresponsible persons after it became evident that the shares were not only valueless, but that they involved an actual and pending liability for debts of the bank." (*Blodgett, J., Irons v. Manufacturers National Bank*, 17 Fed. Rep., 308, p. 315.)

No person becomes a shareholder, subject to the liabilities and succeeding to the rights prescribed by the law, unless his name is thus registered on the books of the association. "Until such [registry] the prior holder is the stockholder for all the purposes of the law." (*Richmond v. Irons*, 121 U. S., 27.)

In *Whitney v. Butler* (118 U. S., 655) A was the owner of shares which were sold for him at a public auction. They were bought by B, who paid the auctioneer for them and received the certificate of stock with a power of attorney for their transfer, which was duly executed in blank. The auctioneer paid the purchase money to A. B was employed by the president of the bank to make the purchase for a customer who had made a deposit in the bank to pay for the stock, and B delivered the certificate and the power of attorney to the president, and received from the bank the money for the purchase. No formal transfer of the stock was made on the bank's transfer book. Not long after this the bank became insolvent, and passed into the control of a receiver, and the stockholders were assessed to meet the bank's debts for the full amount authorized by the statute. (§ 5151, 5152.) Until the happening of this event A knew nothing concerning the purchaser, or the neglect formally to transfer the stock, and had no reason for supposing the transfer had not been made. In an action against A by the receiver to recover the amount of the assessment on the stock, it was decided that A's responsibility ceased after surrendering his certificates to the bank, and the delivery to its president of the power of attorney authorizing him to transfer the stock.

If a shareholder has good reason to apprehend the failure of his bank, and transfers his stock to an irresponsible person for the purpose of escaping his liability, the transaction is a fraud, and the transferrer may be held as fully as though the transaction had not happened. Says Blatchford, J., in *Bowden v. Johnson* (107 U. S., p. 261): "As such shareholder the transferrer became subject to the individual liability prescribed by the statute. This liability attached to him until, without fraud as against the creditors of the bank, for whose protection the liability was imposed, he should relieve himself from it. He could do so by a *bona fide* transfer of the stock. But where the transferrer, possessed of information showing that there is good ground to apprehend the failure of the bank, colludes and combines, as in this case, with an irresponsible transferee, with the design of substituting the latter in his place, and of thus leaving no one with any ability to respond for the individual liability imposed by the statute, in respect of the shares of stock transferred, the transaction will be decreed to be a fraud on the creditors, and he will be held to the same liability to the creditors as before the transfer." (Affg. *Bowden v. Santos*, 1 Hughes, 158.)

But when stock is sold under the terms of a pledge, the sale "is not obnoxious to the charge of having been done in fraud of creditors, although its leading object and purpose might have been, on the part of the pledgee, to avoid liability as a member of the corporation." (*Magruder v. Colston*, 44 Md., 349, 358.)*

If a person hold stock in pledge and the certificate stands in his name on the bank-book, he is a stockholder and is responsible to the creditors of the bank. (*Magruder v. Colston*, 44 Md., 349; *Moore & Janney v. Jones*, 3 Woods, 53; *Bowdell v. Farmers and Merchants Nat. Bank*, 14 B. Mag., 387; *Cole v. Walker*, 31 Iowa, 344.) "Pledgees of stock," says Shipman, J., "who hold the legal title and are stockholders of record, are liable, although the pledgor may be the actual owner of the stock. So long as stockholders permit themselves to appear upon the record as stockholders, their personal liability continues. The creditors have a right to rely upon the guarantee of those who continue to hold themselves out as stockholders." (*Davis v. Essex Baptist Society*, 44 Conn., p. 585.) And Grason, J., in speaking for the Supreme Court of Maryland, says that when the stock stands on the books of the bank in the name of the pledgee, "he is thus held out to the public as shareholder, and persons dealing with the bank have no means of knowing the nature of the contract under which he holds the stock, and have a right to presume, and are led to believe that he is the absolute owner of it, and it is but fair to presume that they deal with the bank upon the faith and credit of parties thus appearing as stockholders." (*Magruder v. Colston*, 44 Md., 349, p. 356; *Hale v. Walker*, 31 Iowa, 344.)

But a pledgee who holds national bank stock as security for a loan in good faith, in the name of an irresponsible trustee, for the avowed purpose of avoiding individual liability as a shareholder, and who exercises none of a shareholder's rights, will incur no liability as a shareholder to the creditors of the bank in the event of its failure. (*Anderson v. Philadelphia Warehouse Co.*, 111 U. S., 479, affg. 4 Fed. R., 130.) Said Mr. Chief Justice Waite: "It is

* "When a national bank is in a failing condition, a transfer of its shares, even though real and 'out and out,' but made to a person incapable of responding to liability, and for the purpose of obtaining personal immunity, is void. (*National Bank v. Case*, 9 Otto, 628.) Even though the bank be not then in a failing condition, but the stockholder knows there is good ground to apprehend its failure, and he colludes with an irresponsible person for the purpose of substituting the latter in his stead, and thus leaving no one able to respond to the liability imposed by the statute, such substitution will be void as to the bank, and he will be held liable." (*Bowden v. Johnson*, 17 Otto, 251.) The object of the statute is to get at the real owner of the shares, and the courts in construing it uncover all his disguises, so that if his name has never been on the transfer-book, and his stock stands in the name of another by his procurement, he will yet be chargeable as a stockholder with the statutory liabilities. (*Davis v. Stevens*, 17 Blatchf., 259; *Manning, J., Lesassier & Binder v. Kennedy*, 36 La. Ann., 539, p. 542.)

well settled that one who allows himself to appear on the books of a national bank as an owner of its stock is liable to creditors as a shareholder, whether he be the absolute owner or a pledgee only, and that, if a registered owner, acting in bad faith, transfers his stock in a failing bank to an irresponsible person, for the purpose of escaping liability, or if his transfer is colorable only, the transaction is void as to creditors. (*National Bank v. Case*, 99 U. S., 628; *Bowden v. Johnson*, 107 U. S., 251.) It is also undoubtedly true, that the beneficial owner of stock registered in the name of an irresponsible person may, under some circumstances, be liable to creditors as the real shareholder, but it has never, to our knowledge, been held that a mere pledgee of stock is chargeable where he is not registered as owner." (*Ib.*, p. 483.)

A purchaser, though, who should transfer his stock to an irresponsible person to conceal his ownership and escape individual liability would nevertheless remain liable. In *Davis v. Stevens* (17 Blatchf., 259), which was tried by Chief Justice Waite, he said that "the point to be decided now is, whether, in an action at law, by a receiver of the bank, the real owner of stock in a national bank, standing by his procurement, in the name of another, and never having been in his own name on the books, can be charged, as a shareholder, with the statutory liability for debts." Referring to the sections which cover the subject he continued: "Under these provisions of the law it is contended that the registered shareholders alone can be charged with the statutory liability, and that an assignee of stock does not make himself responsible unless he accepts an actual transfer in his own name on the books. As has just been seen, the registered holder is liable. By holding himself out to the world as owner, as he does when he permits his name to appear to that effect on the books kept for the information of shareholders and creditors, he estops himself from denying that he is in fact what he represents himself to be. The question still remains, however, whether the person for whom the registered owner holds the stock, if actually the owner, may not also be liable." And the Chief Justice concluded that he could be held. (*Case v. Small*, 4 Woods, 78, S. C., 10 Fed. R. 722.)

If A, a national bank shareholder, should place part of his shares in the name of B, to hold for him under a secret declaration of trust, and permit him to be elected a director, and B should take the oath required by the national banking law that he was the *bona fide* owner of such stock, and furthermore, A should declare that one of his objects in transferring it was to give B credit and aid him in business, B could not deny his ownership to a creditor who might trust him. (*Young v. Vough*, 23 N. J. Eq., 325.)

"Where the name of an individual appears on the stock-book

of a corporation as a stockholder, the *prima facie* presumption is that he is the owner of the stock, in a case where there is nothing to rebut that presumption; and in an action against him as a stockholder the burden of proving that he is not a stockholder, or of rebutting that presumption, is cast upon the defendant." Clifford, J., *Turnbull v. Payson*, 95 U. S., p. 421.)

The individual liability "must be restricted in its meaning to such contracts, debts and engagements as have been duly contracted in the ordinary course of its business." That ceases when a bank goes into liquidation; when this happens, there is no authority on the part of the officers of a bank to transact any business in its name which will bind its shareholders, "except that which is implied in the duty of liquidation, unless such authority had been expressly conferred by the shareholders." (*Richmond v. Irons*, 121 U. S., 27, p. 60.)

The liability imposed by this statute may be enforced against a married woman. In *Hobart v. Johnson* (19 Blatchf. 359, p. 362,) Judge Blatchford said: "It must be assumed either that the defendant had a separate estate, or contracted with a view to create, by owning the stock, a separate estate. In either view, the contract was for her benefit as the holder of a separate estate. Under such circumstances, by way of estoppel, she will not be allowed to claim and enjoy, as regards the bank, and creditors, and her co-stockholders, the benefit of her position as a shareholder, and then repudiate the statutory obligation attached to it." In the case of *Keyser v. Jane C. Hitz* (2 Mackey, 473), her husband transferred to her stock of a savings bank which was converted into a national bank. Having failed, the stockholders were assessed to the full amount of their stock, but she endeavored to evade liability on the ground that she was married. The Court did not sustain this view. Moreover, as the liability is imposed by statute, and not by the common law, a suit to recover her assessment may be brought against her without joining her husband in the process.

The liability of a shareholder also "survives as against his personal representatives." (*Richmond v. Irons*, 121 U. S., 27, 56, the Court, citing *Flash v. Conn*, 109 U. S., 371; *Hobart v. Johnson*, 19 Blatchf., 359.)

A stockholder's liability for contributions ceases after the statute of limitations has run for the full period. Thus, a receiver of a bank was appointed in 1866. Ten years afterward the comptroller directed the enforcement of the individual liability of the stockholders. As this proceeding was ordered more than six years after their liability occurred, they could not be held. (*Price v. Yates*, 7 Week Notes, 51.)

The liability of each stockholder is several and equal. Says Judge

Blatchford (*Stanton v. Wilkeson*, 8 Bened., 355): "The stockholder is to be individually liable, to the extent of the amount of his stock at its par value, in addition to the amount of the stock. The limit in amount or extent is the par value of his stock. Within this limit each stockholder is to be liable equally and ratably; that is, no one is to be assessed a larger percentage than any other one on the par value of his stock, and, when one is assessed a given percentage, every other one shall be assessed a like percentage. Each is to be liable in respect only of his own stock, and because he is a stockholder, and up to the full par value of his stock; but he is not to be liable in respect of the stock of any other stockholder, or because any other person is a stockholder, or beyond the full par value of his stock. This is a several liability. The stockholders are not jointly liable. There is no contribution among them provided for whereby one of them has any right to call any other one directly to account, in contribution, in respect of any sum paid in discharge of the statutory liability." (*Kennedy v. Gibson*, 8 Wall, 498; *Sanger v. Upton*, 1 Otto, 56.) So, too, has Judge Swayne remarked (*United States v. Knox*, 102 U. S., 422), that "by the common law, the individual property of the stockholders was not liable for the debts of the corporation under any circumstances. Here the liability exists by virtue of the statute and the assent of the corporators to its provisions, given by the contract which they entered into with Congress in accepting the charter. With respect to the character of that liability, it is entirely clear, from the language employed in creating it, that it is several and cannot be made joint, and that the shareholders were not intended to be put in the relation of guarantors or sureties, one for another; as to the amount which each might be required to pay."

The receiver is authorized to sue either in his own name or in the name of the bank, to enforce the individual liability of the stockholders. The Comptroller cannot bring the suit. (*Stanton v. Wilkeson*, 8 Bened., 355; *Kennedy v. Gibson*, 8 Wall, 498.) "The Comptroller of the Currency, by virtue of the national banking law, in winding up an insolvent bank, is vested with authority to determine when a deficiency of assets exists, so that the individual liability of the stockholders may be enforced. This liability is conditional, but the Comptroller, in the exercise of a judicial discretion, decides, upon the data before him, when 'it is necessary' to compel contributions from stockholders to pay the debts of the bank. The law clothes him with this authority, and no appeal lies from his decision by a stockholder. He appoints a receiver, and resorts to the ultimate remedy whenever, in his judgment, the condition of the bank requires its enforcement. A more speedy settlement of the

affairs of an insolvent bank is thus obtained." (Nelson, J., *Bailey v. Sawyer*, 4 Dill., 463.)

Concerning the mode of proceeding against the stockholders by the receiver, Judge Swayne has remarked: "Where the whole amount is sought to be recovered, the proceeding must be at law. Where less is required, the proceeding may be in equity, and in such case an interlocutory decree may be taken for contribution, and the case may stand over for the further action of the court—if such action should subsequently prove to be necessary—until the full amount of the liability is exhausted. It would be attended with injurious consequences to forbid action against the stockholders until the precise amount necessary to be collected shall be formally ascertained. This would greatly protract the final settlement, and might be attended with large losses, by insolvency and otherwise, in the intervening time. The amount must depend in part upon the solvency of the debtors and the validity of the claims. Time will be consumed in the application of these tests, and the results in many cases cannot be foreseen. The same remarks apply to the enforced collections from the stockholders. A speedy adjustment is necessary to the efficiency and utility of the law; the interests of the creditors require it, and it was the obvious policy and purpose of Congress to give it. If too much be collected, it is provided by the statute that any surplus which may remain after satisfying all demands against the association shall be paid over to the stockholders. It is better they should pay more than may prove to be needed, than that the evils of delay should be encountered. When contribution only is sought, all the stockholders who can be reached by the process of the court may be joined in the suit. It is no objection that there are others beyond the jurisdiction of the court who cannot for that reason be made defendants." (*Kennedy v. Gibson*, 8 Wall, 498, p. 505.)

"In fixing the amount of the separate liability of each of the shareholders, it is necessary to ascertain (1) the whole amount of the par value of all the stock held by all the shareholders; (2) the amount of the deficit to be paid after exhausting all the assets of the bank; (3) then to apply the rule that each shareholder shall contribute such sum as will bear the same proportion to the whole amount of the capital stock of the bank at its par value. There is a limitation of this liability. It cannot in the aggregate exceed the entire amount of the par value of the stock." (Swayne, J., *United States v. Knox*, 102 U. S., 422.)

Until the order of the Comptroller the shareholders' liability for an assessment is contingent. "He ascertains and decides how much shall be collected, and until his decision the receiver has no power to enforce a liability against the stockholders arising out of their

stock. The action of the Comptroller 'is indispensable whenever the personal liability of the stockholders is sought to be enforced, and must precede the institution of a suit by the receiver.'" (*Kennedy v. Gibson*, 8 Wall, 498; *Davis v. Weed*, p. 579.)

The receiver, therefore, must aver in his bill that the Comptroller has decided that such a proceeding is necessary. This action, remarks Judge Swayne, is indispensable whenever the personal liability of the stockholders is sought to be enforced, and must precede the institution of the suit by the receiver. "The fact must be distinctly averred in all such cases, and if put in issue must be proved." (*Kennedy v. Gibson*, 8 Wall, 498; *Strong v. Southworth*, 8 Bened., 331; *Bailey v. Sawyer*, 4 Dill., 463; *Stanton v. Wilkeson*, 8 Bened., 357.) But a letter from the Comptroller addressed to the receiver, directing him to enforce such a suit, is sufficient evidence of the Comptroller's decision in the matter before beginning the same. (*Bowden v. Johnson*, 107 U. S., 251.)

A receiver cannot maintain a suit against a person for contributions, who has sold his shares in good faith and received his pay and transferred his certificate of stock, though the transfer on the stock register of the bank may not have been completed. Thus A, a stockholder, without intending to evade his responsibility, sold his shares to a broker, to whom he delivered his certificate and a power to transfer them, leaving blanks for the names of the attorney and transferee. The broker sold them to B, the president of the bank, who gave his individual check in payment and received the certificate and power. By B's direction, a bookkeeper of the bank inserted his own name as attorney, and transferred the stock to B as "trustee" on the stock register. The entries in the stock ledger showed, and so did other books of the bank, that B purchased the stock for it and reimbursed himself with its funds, and the bookkeeper knew these things. In a suit by the receiver to compel B to retransfer the shares, and A to repay the price and to be declared a stockholder, it was held that as the bookkeeper was the agent of the bank, his knowledge of the transaction could not be imputed to A, and that the suit could not be maintained. (*Johnston v. Laflin*, 103 U. S., 800, affg. 17 Alb. L. J., 146; see *National Bank v. Watsontown Bank*, 105 U. S., 217.)

"In ordering an assessment, the stock certificates and the stock ledger are the basis upon which the Comptroller of the Currency, in absence of fraud or mistake, must rely. It is impossible for him to ascertain the equities of each stockholder, and if any stockholder could relieve himself from the consequence of his laches by showing that another unknown person was the owner of the stock, creditors might have payment of their debts indefinitely postponed, and an unjust burden might be imposed upon the acknowledged

stockholders. Some definite and conclusive means of information as to the ownership of stock for the purposes of assessment ought to be furnished to creditors, to the receiver, and to the Comptroller. This information should be found, in the absence of fraud or mistake, in the certificates of stock, and in the stock books of the bank." (Shipman, J., *Davis v. Essex Baptist Society*, 44 Conn., p. 585.)

Nor can a stockholder, when thus sued, deny the existence or validity of the corporation. Says Judge Swayne in *Casey v. Galli*, (94 U. S., 673, p. 680): "Where a stockholder of a corporation is called upon to respond to a liability as such, and where a party has contracted with a corporation, and is sued upon the contract, neither is permitted to deny the existence or the legal validity of such corporation. To hold otherwise would be contrary to the plainest principles of reason and of good faith, and involve a mockery of justice. Parties must take the consequences of the position they assume. They are estopped to deny the reality of the state of things which they have made appear to exist, and upon which others have been led to rely. Sound ethics require that the apparent, in its effects and consequences, should be as if it were real, and the law properly so regards it." (*Keyser v. Hits*, 2 Mackey, 473; *Wheelock v. Kost*, 77 Ill., 296.)

If a shareholder happen to be a creditor of the bank, he cannot cancel or diminish his assessment by offsetting his individual claim against the institution. (*Hobart v. Gould*, 8 Fed. R., 57.)

The shareholder's liability for the debts of his bank is also extended to the interest accruing on them so far as the bank would have been liable, though not beyond the statutory limit. Says Matthews, J.: "As the liability of the shareholder is for the contracts, debts, and engagements of the bank, we see no reason to deny to the creditor as against the shareholder the same right to recover interest which, according to the nature of the contract or debt, would exist as against the bank itself; of course, not in excess of the maximum liability as fixed by the statute. In the case of book accounts in favor of depositors . . . interest would begin to accrue as against the bank, from the date of its suspension. The act of going into liquidation dispenses with the necessity of any demand on the part of the creditors, and it follows that interest should be computed upon the amounts then due as against the shareholders to the time of payment." (*Richmond v. Irons*, 121 U. S., 27, p. 64.)

Whenever the Comptroller demands a contribution from the stockholders, the sum is due and payable and bears interest from the date fixed by him. "Otherwise there would be no motive to pay promptly, and no equality between those who should pay then and

those who should pay at the end of a protracted litigation." (*Casey v. Galli*, 94 U. S., 673, p. 677.)

"The insolvency of one stockholder, or his being beyond the jurisdiction of the court, does not in any wise affect the liability of another; and if the bank itself, in such case, holds any of its stock, it is regarded in all respects as if such stock were in the hands of a natural person, and the extent of the several liability of the other stockholders is computed accordingly." (*United States v. Knox*, 102 U. S., 422; *Crease v. Babcock*, 10 Met., 525.)

Not only can the receiver enforce the liability of a shareholder by an action at law, he can also bring a bill in equity against the transferor and transferee of the shares of the failed bank whenever a discovery of the facts relating to the transaction is sought, as well as relief in the case of a valid transfer, which is only voidable at the election of the receiver. (*Bowden v. Johnson*, 107 U. S., 251.)

A MISER'S DEATH IN FRANCE.

In Paris the race of misers flourishes vigorously. The French are a pre-eminently thrifty people, and it is no uncommon thing to see men wearing the garb of beggars depositing large sums of money from time to time in the National Savings Bank, or rushing in haste to subscribe to new loans. The faces of such people are as pale and attenuated as those of starving paupers; their ragged clothes hang loosely and limp around their shrunken shanks; they shiver without fire during the winter in cheerless garrets, down the chimneys of which sweep the icy gusts of December, and yet their names are inscribed in many a banker's books, and their loathsome counterpanes cover many a heap of gold. That this is no exaggeration may be proved by the annals of the Prefecture of Police. The latest Parisian Daniel Dancer has just died, leaving a fortune of 1,000,000*fr.*, or £40,000, behind him. The Pere Denizot, as he was called, lived in an old house, 10 Rue de Broesses, in the Quartier des Archives. He was the laughing-stock of all the neighbors and the street boys as he hobbled along in his mendicant's rags. He lived all alone, and used to make his own soup, driving hard bargains with butchers for bits of offal which almost dogs would refuse. He succumbed alone and unattended to an attack of apoplexy. The district inspector of police came to verify the death, having been summoned by the neighbors, and he had just drawn up his report and was going away, when he knocked over a rickety old table, out of the drawer of which several rouleaux of gold fell on the floor. Surprised beyond measure, the officer poked about the wretched abode, and found in divers and sundry hiding places sums of gold and silver amounting in the aggregate to £4,000. With these were numerous securities and bonds, which enabled the authorities to make a tolerably accurate estimate of the value of Pere Denizot's succession, the heirs, assigns, and executors of which will be the State, as the old worshiper of Mammon seems to have had neither chick nor child to claim a part of his golden heritage.—*London Daily Telegraph*.

THE PUBLIC DEBTS OF EUROPE.

BY ALFRED NEYMARCK, MEMBER OF THE SOCIETY OF POLITICAL
ECONOMY OF PARIS.*

With regard to the public debt, it amounted, December 31, 1885, to 1,771,925,648 francs 91, being thus composed :

2½ per cents.....	219,959,631.74
3 per cents of 1873 and 1883.....	509,972,600.00
3 per cents of 1874.....	1,409,634.95
4 per cents { of 1873 and 1883, 1st series.....	905,864,782.22
{ of 1880, 2nd series.....	134,719,000.00
Total.....	1,771,925,648.91

The annual expenditure on the public debt and sinking fund amounts to 85,545,803 francs 77.

The Belgian securities were issued in 5, 4½, 4, 3, and 2½ per cents, as follows :

5 per cents.	Issues of 1832, 1840, 1842, 1848.
4½ " "	" " 1844 to 1871.
4 " "	" " 1836, and of 1871 to 1886.
3½ " "	" " 1886 (conversion).
3 " "	" " 1838, 1842, and 1873 to 1880.

There exists, besides, a 2½ per cent. debt, proceeding from the division of the debt with Holland.

Here is the annual average rate of the prices of these different funds at different dates :

	1840.	1855.	1860.	1870.	1878.	1880.	1884.
5 per cents.....	100.00	99.71	—	—	—	—	—
4½ "	—	92.97	97.28	101.97	103.94	104.51	—
4 "	92.58	90.50	96.34	—	99.86	104.82	104.27
3 "	70.80	73.06	76.57	89.67	76.53	84.12	84.00
2½ "	54.44	53.48	55.71	61.74	63.12	68.79	70.43

The Belgian funds are distributed in all countries; the greater part of the debt is in the possession of inhabitants of the country; Dutch capitalists also hold a considerable amount of these securities. In France, wealthy capitalists have been the principal ones to secure it. Official accounts are wanting for an exact knowledge of the distribution of these securities in different countries.

If we compare the situation of the debt of Belgium on December 31, 1870, with December 31, 1885, we find that this debt has increased 1,089,044,734 francs 95.

The debt on December 31, 1870, was thus composed :

2½ per cents.....	220,105,631.74
3 "	12,353,000.00
4½ "	450,422,282.22
Total	682,880,913.96

* Translated from the French by O. A. Bierstadt.

The Belgian loans have no special guaranty besides the general resources of the budget.

We publish here following a table showing: 1, the nominal amount of the loans made since 1870; 2, the date of the negotiation; 3, the rate of interest at which these loans were issued; 4, the object and mode of issue.

BELGIAN LOANS MADE SINCE 1870.

<i>Loans. Nominal Capital Negotiated.</i>	<i>Date of Negotiation.</i>	<i>Rate of Interest %</i>	<i>Mode of Issue.</i>
1,000,000	June 7, 1870.....	4½	Delivered in payment of the purchase price of the Botanical Garden of Brussels.
15,773,300	Feb. 23, 1871.....	4½	Delivered in payment of the purchase price of the working stock of the Company of Coal Basins of Hainault.
51,000,000 { 20,000,000	July 29, 1871... {	4 {	Sold to bankers.
{ 31,000,000	Aug. 8, 1871... {	4 {	Public subscription.
1,419,635	April 2, 1873.....	3	Inscriptions in the Great Book of the Public Debt as indemnity for military servitudes.
306,859,000 { 165,000,000	April 16, 1873.. {	3 {	Sold to bankers.
{ 65,000,000	May 12, 1873... {	3 {	Public subscription.
{ 13,250,000	March 3-4, 1874 {	3 {	" " at London.
{ 33,000,000	April 20, 1876.. {	3 {	Sold to Bankers.
{ 30,609,000	Sept. 14, 1876.. {	3 {	" " " "
6,843,500	May 27, 1876.....	4	Delivered in payment of railway builders.
1,800,000	Dec. 19, 1876.....	4	Delivered in payment of railway builders.
52,550,000	April 18, 1877....	4	Delivered to the Dendre & Waes Railroad Co. for the capitalization of the annuity due in redemption of this railway.
23,068,100	June 1, 1877.....	4	Delivered in payment of railway construction.
6,727,000	June 8, 1877.....	4	Delivered to the Pepinster Spa Railroad Co. for the capitalization of the annuity due in redemption of this railway.
80,000,000	Jan. 25, 1878.....	3	Sold to bankers.
18,989,000	May 31, 1878.....	4	Delivered in payment of the Flanders railroads.
22,188,400	Various dates.. .	4	Delivered in payment of railway construction.
2,632,500	June 9, 1878.....	4	Delivered in payment of railway construction.
== 40,500	July 23, 1879....	4½	Delivered in payment of the purchase price of the working stock of the Company of Coal Basins of Hainault.
466,178,182	July 23, 1879....	4	Conversion of the 4½ per cents.
134,719,000 { 66,719,000	Jan. 8, 1880.....	4 {	Sold to bankers.
{ 68,000,000		4 {	Public subscription.
133,000,000	June 29, 1882....	3	Sold to bankers.
164,796,000 { 104,796,000	April 27, 1883....	4 {	" " " "
{ 60,000,000		4 {	Public subscription.

It will be seen, that since 1870 Belgium has issued several loans in 4½, 4, and 3 per cents and that these loans were applied to works of public utility and specially to railways.

At a time when the conversion of the Belgian 4 per cents into 3½ per cents has just been voted, it may be well to remember, that this is the fifth time the Belgian government is converting its debt. The first conversion, which reduced to 4½ per cent. the 5 per cent. interest of the loans contracted in 1829, 1832, and 1839, goes back to 1844. The second operation of the same kind dates from 1853; the third was in 1857; finally, the fourth, with the object of reducing to 4 per cent. the Belgian 4½ per cents, was of July, 1879. Now there can be no new conversion before June 30, 1893.*

The Belgian loans quoted on the Bourse of Paris are:

The 4 per cent. of 1871; the 4 per cent. of 1880, 2nd series

* The bill for the conversion of the Belgian 4 per cents was as follows:

Article First. The government is authorized to redeem at par the different loans and debts of the State at 4 per cent.

The redemptions may be made successively in the manner to be determined by the Minister of Finance.

Art. 2. The holders of bonds and the titularies of inscriptions by name shall have the power of obtaining their conversion into 3½ per cents at par.

Those shall be considered as having accepted the conversion who do not ask for redemption within a period to be fixed by royal decree.

Art. 3. The new securities shall constitute two series, one falling due on Feb. 1 and Aug. 1, the other on May 1 and Nov. 1.

The Minister of Finance shall determine the relative amount of the two series.

Art. 4. The exchange of securities shall be made, without expense to those concerned in the different offices of the cashier of the State (National Bank). It may also be effected in Paris.

Art. 5. The government is authorized to issue 3½ per cent. obligations to the amount of the redemptions that must take place by virtue of Art. 1.

The eventual wants made necessary by these redemptions may be provided for by an issue of Treasury bonds, whose maturity shall not exceed 5 years.

Art. 6. An annual sum of 0.30 per cent. of the nominal capital of the two new debts shall be devoted to their amortization; it shall begin at the period fixed by the government, and shall be augmented by the interest of the capital successively redeemed.

Amortization shall be operated by purchases on the Bourse at the price of the day. If the price exceeds par, amortization shall be suspended, and the amounts unemployed during an entire half year shall be assigned to the Treasury; they may also be applied to the redemption of 3 and 3½ per cent. debts, in accordance with the provisions of the law of Dec. 19, 1874.

Art. 7. In case of the creation of other 3½ per cent. debts with the same condition of amortization and the same payments of interest, the endowments of these debts may be mingled with the endowment fixed by Art. 6.

Art. 8. The exercise of the right of redemption of securities to be issued by virtue of the present law shall be suspended until June 30, 1893.

Art. 9. The time for the interest to begin on the new 3½ per cent. debts and the other conditions of the operation shall be regulated by royal decree.

Art. 10. A special credit of five hundred thousand francs (500,000 francs) is opened in the department of finance (public debt) for the costs of making and issuing the new securities. This credit shall be covered by means of a loan.

It may be provisionally by Treasury bonds, whose maturity shall not be later than five years.

the 3 per cent. of 1873. The coupons of these different loans are payable in Paris by Messrs. Rothschild Brothers.

The 4 per cent. of 1871 was put on the list of quotations Aug. 13, 1879. The 4 per cent. of 1880 was put on the list of quotations April 24, 1880. The 3 per cent. of 1873 was put on the list of quotations March 12, 1879.

The two 4 per cent. loans sell for about 105 and the 3 per cent. at 95.

The 4 per cent. loan of 1871 of 50,000,000 francs, enacted by the law of July 27, 1871, is represented by obligations to bearer of 2,000, 1,000, 500, 200, and 100 francs of nominal capital issued at 98 francs. The annual interest of 4 per cent., or 4 francs on a bond of 100 francs, is payable half on May 1, and half on Nov. 1. An annual amount is devoted to amortization, which is operated by purchases on the Bourse, if the price is below par. Amortization is suspended if the price is above par.

The 4 per cent. loan of 1880 (2d series) of 134,719,000 francs, created by a royal decree of Jan. 8, 1880, of which 68,000,000 were issued by public subscription at Brussels, Jan. 17, 1880, at the price of 105 francs 75, is represented by bonds of 10,000, 5,000, 2,000, 1,000, 500, 200, and 100 francs of nominal capital. Interest 4 francs per 100 francs payable half on Feb. 1, and half on Aug. 1. The conditions established for the amortization of the 4 per cent. debt of 1871 are applicable to this loan.

These 4 per cent. loans above mentioned are the ones converted into 3½ per cents. at par. The holders of 4 per cents who do not accept the new security will be reimbursed at par.

An endowment of 0.20 per cent. is applied to the new 3½ per cent. fund for amortization.

The 3 per cent. loan of 1873, of 248,000,000 nominal capital, authorized by the law of April 29, 1873, was limited to 230,000,000 by royal decree of the same day. Of this capital 65,000,000 were issued by public subscription at Brussels, May 12, 1873, at 81 francs. This loan is represented by bonds, entirely liberated of 100, 200, 500, 1,000, 2,000, 5,000, and 10,000 francs of nominal capital, giving an annual interest of 3 per cent. (or 3, 6, 15, 30, 60, 150, and 300 francs) payable half on May 1, and half on November 1.

An annual endowment of 0 francs 20 for 100 francs of nominal capital is devoted, from May 1, 1876, to the amortization of the loan by purchases on the Bourse at the price of the day. Amortization, however, is optional, whenever the purchases cannot be made at 90 per cent. or below.

EXPENDITURE REQUIRED BY THE BELGIAN PUBLIC DEBT FOR 1886.

<i>Object of the Expenditure.</i>	<i>Amounts.</i>		<i>Total for Debt.</i>	<i>Amount of the Credits.</i>
	<i>For Interest.</i>	<i>For Amortization.</i>		
Chapter I. Debt properly so called.				
1st Section.				
Debt whose origin is anterior to Oct. 1, 1839.				
Debt at 2½ per cent.	5,498,990.78	....	5,498,990.78	5,498,990.78
Rente in the name of the Prince of Waterloo .....	....	....	....	80,598.14
2d Section.				
Amounts due to the Netherlands by virtue of treaty of Nov. 5, 1842, and of International Convention of Oct. 31, 1879, approved by law of April 29, following:				
Amount for maintenance of Ternewzen Canal and its dependencies .....	....	....	....	123,386.24
Redemption of light-house dues ..	....	....	....	21,164.02
3d Section.				
Debts contracted since 1830.				
§1. Interest and amortization.				
4 per cent. loan of 1871, and capital which has been added	36,588,342.68	4,552,599.17	41,140,941.85	41,140,941.85
4 per cent. loan, 2d series (of 1880) ..	5,388,760.00	673,595.00	6,062,355.00	6,062,355.00
3 per cent. debt	15,595,770.00	1,039,718.00	16,635,488.00	16,635,488.00
3½ per cent debt	3,057,424.12	....	3,057,424.12	3,057,424.12
Totals, francs.	66,129,287.58	6,265,912.17	72,395,199.75	
Interest and costs of capital necessary to provide for expenditure on the extraordinary resources of the year. (Pour mémoire)				1,700,000.00
§2. Various Annuities.				
Rente in the name of the city of Brussels.				300,000.00
Rente in payment of railroad from Mons to Manage				672,330.00
Quota of Belgium for purchase of the line from Spa to the Grand-Ducal frontier				500,000.00
Sixteenth annuity in payment of a part of the working stock, bought by virtue of Article 10 of the Convention of April 25, 1870, approved by law of June 3, following				612,000.00
Annuity to be paid until 1949 inclusive, for preferred stock of same company. (Pour mémoire) .....				....
A. Annuity of 7,000 francs per kilometer on 770,167 meters, length of lines or sections of lines delivered to the State before Jan. 1, 1877. (Art. 33 § 1 of Convention of June 1, 1877)		5,391,169.00		8,471,837.00
B. Annuity of 4,000 francs per kilometer on the same lines or sections of lines. (Art. 33 § 2, and Art. 37 combined of same Convention)		3,080,668.00		
Provisional rent of railroad from Antwerp to Rotterdam for half-years, April 1 and October 1, 1886. (International Convention of October 31, 1879, approved by law of April 29, 1880)				1,000,000.00
4 per cent. interest on the price of the Virton Railroad				2,500.00
§3. Other charges.				
Annual rente at 3 per cent., indemnity for military servitudes				42,287.74
Minimum of interest guaranteed by the State (Credit not limiting)				490,000.00
A. Costs relating to different debts and annuities preceding. (Payment of interest, amortization, comptroller, manufacture and issue of securities, etc.)		127,000.88		134,500.88
B. Cost of superintendence of railway companies, etc., with a view to the guarantee of the minimum of interest		7,500.00		
				86,545,803.77

XVII.—KINGDOM OF SPAIN.

We are indebted to the kindness of His Excellency, the General of Division Ybanez, director-general of the Geographical and Statistical Institute of Madrid, for the greater part of the following information on the public debt of the kingdom of Spain. We may be allowed to thank him again here.

In Spain the financial year begins on the 1st of July. All the figures we give hereafter stop at July 1 and not at December 31, as for most other countries. On the 1st of July, 1885, the nominal capital of the public debt was 6,042,528,000 francs.

The annual interest amounts to 238,516,000 francs, and the sinking fund to 35,528,000 francs.

Securities were issued in 5, 4, 2½, and 2 per cents, as follows:

In 5 per cents.....	francs	3,000,000
" 4 ".....	"	5,894,997,000
" 2½ ".....	"	2,238,000
" 2 ".....	"	75,320,000
Various.....	"	66,973,000

The amount of Spanish securities belonging to Spaniards is approximately 4 milliards 800 millions (nominal capital); foreigners possess about 1,200 millions, of which 400 millions are in the hands of French capitalists. Almost all the Spanish foreign debt, whose nominal amount exceeds 2 milliards, is held abroad; the interest on this debt is paid by the Commission of Finances of Spain, established at London and Paris.

July 1, 1868, the capital of the public debt was 4,742,000,000; the annual interest amounted to 157,000,000; the sinking fund called for 11,000,000. From that period to July 1, 1885, the capital of the public debt increased 1,300,528,000 francs; the interest on the debt increased 81,000,000, and the sinking fund, 24,653,000 francs.

Besides the general resources of the budget, several loans have received special guaranties. The most important is that of the 4 per cent. redeemable, guaranteed by the collection of the direct taxes, whose recovery is intrusted to the Bank of Spain. This bank has also the charge of paying the coupons, and caring for the sinking fund of the redeemable 4 per cents.

The receipts and expenditures of 1885-1886 were settled by a deficit of 42,118,156 francs. The figures of this budget, published in the Madrid *Gazette* of September 14 last, are as follows:

<i>Receipts.</i>		<i>Francs.</i>
Direct taxes.....		231,061,555
Taxes.....		121,969,765
Customs.....		147,170,352
Revenues farmed out.....		249,226,148
Domain { Revenue.....		13,009,492
{ Alienations.....		8,957,410
Treasury.....		44,522,380
Total.....		815,923,102

<i>Expenditures.</i>	<i>Francs.</i>
Royal household	9,499,100
Legislative bodies	1,998,285
Public debt	250,047,870
Various engagements	2,669,534
Pensions	50,115,563
Presidency of Council of Ministers	1,080,534
Ministry of State	1,672,949
Ministry of Grace { Justice	12,418,495
and Justice { Worship	41,690,064
Ministry of War	151,502,730
Ministry of Marine	39,147,147
Ministry of Interior	33,107,329
Ministry of <i>Fomento</i>	80,593,726
Ministry of Finance	23,768,031
Expenses of collecting	158,218,835
Colony of Fernando Po	560,066
Total	858,041,258

The expenditures having been 858,041,258 francs, and the receipts 815,923,102, the deficit is 42,118,156 francs.*

It is not to be denied that in recent years the economic and financial situation of Spain has much improved; the commercial relations of the country have been extended; important works of public utility have been accomplished. On the other hand, foreign capitalists, especially Frenchmen, have become largely interested in the financial and commercial affairs of Spain, and the greatest credit institutions, the Bank of Paris in particular, have not been sparing of their help and support in the matter of raising the credit of the peninsula. These happy results are due in great part to the profound modifications that have taken place in the political spirit of the country. The stability of the governmental institutions has powerfully contributed to the restoration of the finances.

In order that the financial situation may be entirely beyond dispute, it is necessary that Spain should be very economical of her resources, and should proceed with much wisdom to such reforms as are useful. It should not be forgotten, indeed, that the public debt, pensions, expenses of collection, the war and naval expenditures, absorb annually more than 648,000,000 out of 815,000,000 of budgetary receipts. The public debt and the expenses of collection absorb alone 50 per cent. of the receipts of the country.

* The *Gaceta* (Nov. 14) furnishes us with the following information upon the budgetary situation at the end of October, 1886:

	<i>Francs.</i>
Year 1885-86, ordinary budget.	Receipts 822,729,899
	Expenditures. 891,023,736
" 1886-87, four months, ordinary budget.	Receipts..... 217,404,246
	Expenditures. 183,803,121
" " " closed.	Receipts..... 8,665,755
	Expenditures. 10,366,847
The two years, net difference in favor of expenditures..... +	36,393,804
Month of October, total receipts.....	57,186,659
" " difference from October, 1885..... -	1,325,614
" " closed.....	1,099,788
" " difference from 1885..... +	1,074,833
Year 1885-86, sixteen months, receipts.....	839,176,919
Differences from 1884-85..... +	18,035,293
Year 1886-87, four months, total receipts.....	226,070,000
Difference from 1885-86..... +	26,822,258

The Spanish securities quoted on the Bourse of Paris are divided into:

1. Perpetual 4 per cent. internal and external debt;
2. Redeemable 2 per cent. external debt.

The internal 4 per cent. debt differs from the external 4 per cent. and 2 per cent. debt in this way, that its coupons being payable only at Madrid, they are paid in Paris at the exchange of the day on Madrid, by an order at thirty days after sight on Madrid, delivered by the commission of finances of Spain at Paris, and on presentation of the securities, while the coupons of the external debt are paid in Paris by the said commission of finances, with exchange fixed at 5 francs 40 a piaster.

The 4 per cent. perpetual internal debt proceeds from the conversion of the 3 per cent. consolidated internal debt and of the State railroad bonds. This security bears, from July 1, 1882, an annual interest of 4 per cent., payable quarterly, January 1, April 1, July 1, and October 1.

The securities were admitted to quotation, for cash and on account, August 1, 1882. Calculations are made with exchange fixed at 1 franc the peseta. The quotation being 67, the price of a security with 20 pesetas of interest would be 335 francs, or $67 \times 5 = 335$ francs.

The 4 per cent. perpetual external debt proceeds also from the conversion enacted by the law of May 29, 1882.

It is represented by securities, entirely liberated and to bearer, of 1,000, 2,000, 4,000, 6,000, 12,000, 24,000 pesetas of capital, or 40, 80, 160, 240, 480, 960 francs of annual interest.

The annual interest is 4 per cent., or 40 pesetas, or 40 francs, on a security of 1,000 pesetas of capital, payable quarterly on January 1, April 1, July 1, and October 1. The coupons are paid at Madrid, London, and Paris. The securities have been quoted since August 1, 1882. The quotations are made in interest and francs. Calculations are made with exchange fixed at 1 franc the peseta.

The quotation being 67 francs, the price of 40 pesetas of interest would be 670 francs, or $\frac{67 \times 40}{1} = 670$ francs.

The 2 per cent. redeemable external debt, quoted on the Bourse of Paris since August 8, 1877, gives an annual interest of 2 per cent., or 4 full piasters on a security of 200 piasters of capital, payable half on June 30 and half on December 31. These securities should be entirely redeemed between now and December 31, 1891, at the rate of 50 per cent. of their nominal value, by semi-annual drawings taking place in June and December, the redemption of securities drawn to be effected on January 1 and July 1 following. The payment of coupons and the redemption of the securities drawn are effected at Madrid, London, and Paris, by the

commission of finances of Spain, with exchange fixed at 5 francs 40 the piaster. The quotation being 50, the price of 4 piasters of interest, or 21 francs 60, would be 540, or $\frac{50 \times 4}{2} \times 5.40 = 540$ francs.

Among the official quotations of the Bourse of Paris may be found also the Treasury bonds of the Island of Cuba, 6 per cents of 1878, forming part of a loan of 25,000,000 full piasters, or 125,000,000 francs, authorized by the law of June 25, 1878. These securities give an income of 30 francs a year, payable quarterly in October, January, April, July, and are redeemable at 500 francs in fifteen years from 1878 to 1893. Of the 250,000 bonds issued, 100,775 were redeemed January 1, 1886. These securities form part of the conversion actually in progress. They sell for 495 francs.

Finally, since July 24, 1886, the syndical chamber of stockholders has put on the official lists of quotations, for cash and on account, 340,000 mortgage bills of the Island of Cuba, issue of 1886. These 340,000 bills form part of the 1,240,000 bills, representing a capital of 620,000,000, whose creation was authorized by the laws of July 25, 1884, and July 13, 1885, and by royal decree of May 10, 1886. They were created for the redemption of the floating debt and the conversion of the securities of Cuba at present in existence. This loan is guaranteed by the revenue from customs, stamps, and direct and indirect taxes of Cuba; it possesses, moreover, the guaranty of the Spanish nation. (Royal decree of May 10, 1886.) These bills give an income of 30 francs a year, payable quarterly, January 1, April 1, July 1, October 1, at Paris, London, and Madrid; they are redeemable at 500 francs in fifty years. The issue was made by the Bank of Paris and of the Netherlands, May 25, 1886, at 422 francs, interest from June 1, 1886, payable in four quarters. The obligation, entirely liberated at distribution, went out at 419 francs 50. These securities sold for 467 francs 50 at the end of December, 1886.

[TO BE CONTINUED.]

THE BANKERS' CONVENTION.

The sixteenth annual convention of the American Bankers' Association was held at Pittsburgh. The attendance was not quite as large as usual, but the quality of the papers read will compare well with those of other meetings of the association. The sessions were in the Grand Opera House, and were presided over by Mr. Logan C. Murray of New York.

Shortly after ten o'clock he called the convention to order, and the divine blessing was invoked by Bishop Whitehead. The chairman then introduced ex-Chief Justice Agnew, of Pennsylvania, who delivered an interesting address of welcome. After referring to the stirring events in Pittsburgh's early history, and the growth of Pittsburgh since 1820, when her population was but 7,248, he reviewed the industries of the city and section as they exist to-day. The marvelous statistics of the iron and coal trades led up to the following facts about natural gas. There are 14 organized companies to furnish gas, drawing supply from 210,000 acres of tested territory, having a capital invested of \$17,396,000; using 1,580 miles of lines of iron pipe, from 6 inches to 30 inches in diameter, weighing about 80 tons to the mile and giving a total of 135,000 tons of buried iron, delivering 500,000,000 cubic feet of gas daily, and yielding a net profit of about ten per centum; the same wells being capable of yielding 1,000,000,000 cubic feet daily. The total capital invested in natural gas production in Western Pennsylvania is estimated at \$25,000,000, and \$5,000,000 in Ohio. The amount of coal displaced by natural gas is daily 25,000 tons. I have thus given you a very faint idea of these twin cities, Pittsburgh and Allegheny; and now, gentlemen, the banks and bankers, superintending the fiscal concerns of these vast interests, and the members of the Chamber of Commerce, cordially welcome you to these grand sights, and to their hearts and homes.

The next business in order was the calling of the roll. Having dispensed with its reading, the report of the treasurer, George F. Baker, was read, showing the receipts from subscriptions during the past fourteen months to aggregate \$13,126.59; adding the balance on hand at the beginning of the year, the total receipts are \$14,718.48. The disbursements were \$13,398.33, leaving a present balance of \$1,320.15. The report was approved. This action was followed by the report of the Secretary, Dr. Geo. Marsland, which was also read and approved. It showed that the membership of the association had increased materially during the past year, especially in the South and West, and he expressed the belief that the increase would be even more marked the coming year. The aggregate number of the active members is now 1,683, against 1,402 last year, 1,364 the year before and 1,111 for 1882. The general influence of the association is steadily increasing among the non-affiliated banks throughout the country. In addition to the ordinary labor of the association, about one thousand dollars were spent last year in aid of the capture and imprisonment of several of the most dangerous forgers that have ever committed depredations on the banking community in the United States. The expenditure this year for the same important object has been considerable and several cases are still pending. The arrangements for holding the annual convention required by the constitution, article 4, have awakened considerable interest among our mem-

bers. Chicago, St. Louis, Cincinnati, New York, Buffalo, New Orleans and Detroit have been mentioned; also Saratoga, Baltimore, Philadelphia, Omaha and other places, from some of which cordial and pressing invitations have been sent.

These reports having been approved, the president delivered his address. This was of a more general nature than has usually been given, but quite appropriate to the occasion. He dealt largely with the labor problem. "Twenty-five years ago," he said, "laborers received \$1 a day wages; now they are receiving an average of \$2 a day, and these \$2 will buy more of the necessities of life than \$5 would twenty-five years ago. A banker gets a lower rate of interest for his money than he did twenty-five years ago, yet his living is more expensive and his wants are increasing; the demands upon him for charities increase in untold amount, and his happiness is not augmented in a relative proportion. Unquestionably the last twenty-five years have given the race for happiness, contentment and profit in this country to the laboring class. Truly we can say with Dr. Hodge:—"Every man is his own ancestor, and every man is his own heir. He devises his own future and he inherits his own past." We may be sure that the only possible good for society must come out of evolution, not revolution. Let me repeat the words of a distinguished writer, addressed to rich and poor alike:—"The Almighty will go on working among us in His own wonderful way, purifying our philosophy of its foolishness, our lives of their lawlessness, making the lines of His law gleam out before our eyes and conscience like linked lightning in a black night, teaching us what law is, that it was cut in the rock by God's finger. So in the midst of our resplendent liberty may we tread only in God's paths and find in supreme fidelity to Him the grand spring of all our loyalty to country, allegiance to Government and submission to power." * * *

A banker, whether he lends money on his own account or as the officer of a corporation, is interested in good general government to an intense degree; it necessarily follows that he be also interested in the specific things which lead to it; good money is not the only matter in which he is interested. Daniel Webster said: "A strong conviction that something must be done is the parent of many bad measures." He is interested in how to make a capitalist and a working-man the most dependent of friends. He is interested in a good and perfect postal system; a good telegraph system; a good warehouse law; a fixed tariff law; a uniform grace law; a more uniform holiday law, more National and less State; reliable insurance or property held as security. We have possibly a good interstate commerce law; a vigorous anti-corner bread-stuffs law; a better understanding of what the great trusts which are being inaugurated mean; a better system of bank drafts, such as have recently been inaugurated by our Chicago bank friends; strict law as to mortgages on railroads and other property, and a definition of what a first mortgage is, more clearly defined; an absolute restriction of privileges of foreign capitalists, practically confiscating great bodies of our public domain, which should be strictly guarded for our American youth; a restriction and thorough revision of our immigration laws, by which the offscourings of the world will not be permitted to land without a tariff of, say, \$300 on each male emigrant's head, as earnest money that he worked at home and can work here, and take an oath of allegiance of the greatest severity, and, if violated, severest punishment; how to keep elastic treasury vaults, that the surplus may flow again into the channels of commerce in the proportion that commerce, through an imperfect tariff, in great measure, puts it in

the Treasury; we need a uniform bankrupt law, where preferred creditors will not take all that is left of an insolvent firm; we need a public definition of what the liberty of the press should be; a more thorough education of profit-sharing by employers with the employed; equal taxation of all money-lenders, whether they be banks, insurance companies, trust companies, or private foreign bankers. Indeed, we need so much to protect and garner the prosperity which has been lavished upon the country, that our wants are bewildering, and I know no class of intelligent men to seek out and suggest ways and means for the betterment of the commonwealth than such an association as ours. Can we not gather our forces and create public opinion, ourselves possessed of a teachable spirit; thus discover true wisdom in our widening experience? I dare not venture more than to suggest that at this meeting, and at our future meetings, these matters may be taken up and looked at and, if they touch us at any point, discuss them independently of whose politics or whose interest it disturbs. This I believe to be the final, permanent and progressive need of such an association as ours; so let it come to pass that the opinions of this platform will exercise a mighty weight on the political, commercial and professional conscience of this fleet-footed republic."

The president was followed by the Hon. John Jay Knox on the "Surplus and the Public Debt." He advocated the issue of a new bond, bearing two and a half per cent. interest. According to the computation of the Government Actuary (copies of which have been distributed among the members of the convention), the equal and exact difference to be paid by the Government in exchanging \$738,000,000 of 4s, so as to save the Government two and a half per cent. on its money, is about 167 millions of dollars (\$167,021,800). To those who have not examined the subject, the amount of this payment of interest in advance may seem excessive, but the explanation is that this is a large transaction of over \$700,000,000. The interest upon \$700,000,000 for one year at one per cent. is \$7,000,000; at one and a half per cent. it is \$10,500,000, and if this amount be multiplied by the number of years, the total amount, as may be perceived at a glance, would be about \$199,500,000. From this amount the Government Actuary has deducted the interest on the interest payable quarterly, which the Government can save by the present use of its surplus. The computations of the Government Actuary have also been extended to payments based on other rates of interest; and cover an exchange of 4s for two per cent. as well as two and a half per cent. bonds. The following are the computations:—

COMPUTATION BY THE GOVERNMENT ACTUARY.

Present value of \$1.50 a year for nineteen years, re-invested quarterly at the following rates of interest per annum:—

Two per cent.	\$23,66181
Two and a half per cent.	22,63168
Three per cent.	21,66352
Four per cent.	19,89618
Five per cent.	18,32925

[Signed]

Corresponding difference in interest on \$78,000,000 reduced from four per cent. to two and a half per cent. per annum:—

\$174,624,150
167,021,800
159,876,800
146,833,800
135,269,850

E. B. ELLIOTT,

Government Actuary.

U. S. TREASURY DEPARTMENT, September 26th, 1887.

The present position is similar to that of Mr. Hewitt, except that it proposes to refund the fours into two-and-a-halves instead of threes.

Assuming that on July 1, 1888, when the fours have nineteen years to run to maturity, the market price will be about 123 (122.63168), the rate realized by a purchaser, whether it be the government or an individual, will then be two and a half per cent. I mean by that, that if anyone invests funds in fours at about 123 (122.63168) on July 1, 1888, to hold to maturity, the amount the investment will actually pay will be two and a half per cent. only, because he will lose the premium paid. In other words, the difference between the actual rate of two and a half per cent. and the nominal rate of four per cent., viz., one and one-half per cent., is required to make good the loss of about \$23 (\$22.6318) premium. Assuming the fours to be worth about \$123 (122.63168) on July 1, 1888, 2½s maturing on the same date as the 4s, would, on July 1, 1888, be worth par, and a holder of \$100,000 in 4s should receive as the equivalent of his bonds, \$100,000 in the new two and a halves worth par and about \$23 (\$22.63168) in cash. Such a cash payment would enable the Government to save two and a half per cent. for nineteen years upon the money disbursed in making the exchange. If the bondholder who accepts the exchange invests the cash payment at two and a half per cent. he neither gains nor loses unless it be considered an advantage to have a larger amount of his investment in principal and a less amount in interest. The exchange will, however, be of advantage to holders of 4s for other reasons.

The bondholders are divided into three classes:—

First—The national banks, which hold about one hundred and twenty-five millions.

Second—The trust companies, insurance companies, savings banks and private individuals.

Third—The holders of bonds as trust funds.

The banks can readily invest the \$22.63 they would receive with each \$100 of the new two and a halves at a rate of interest from 5 to 6 per cent. They are forced by law to hold a certain proportion of government bonds, whether they desire circulation or not, and all the bonds are held in the Treasury at Washington either as security for circulation or for Government deposits.

Insurance companies and other corporations are required to deposit United States bonds with the State authorities, and the new two and a halves would answer this requirement as well as fours. These companies are in a position to use the cash payments received from the Government at rates from four to six per cent. The same may be said of trust companies which hold Governments for a reserve, and because they are not subject to taxation. As a reserve the new two and a halves will answer the same purpose as the fours, and, like them, will be exempt from taxation. Savings banks cannot usually loan money at as high rates, but even the investment of the cash payment at four per cent. would effect a handsome saving.

The value of the proposed two and a half per cent. bonds could be further enhanced. First, by permitting national bank circulation to be issued upon them to their par value. Second, by extending the time of the maturity of the whole or a portion of them. Third, by making the earliest numbers taken by those who first accepted the exchange payable last, as was done with the three and a halves and subsequently with the threes and fours by the repeal of the tax on circulation. The second method, that of extending the time of payment, is feasible, for it will not be possible to pay the whole amount of the fours which mature on July 1, 1907, on that day, and to grant a longer time for payment of a portion of the two and a halves would only be authorizing now for the benefit of

the Government what must necessarily take place at the maturity of the bonds. The concluding portion of his address was devoted to showing the inducements to the bondholders and the Government for making the exchange.

A paper on "The Legal Future of the National Banking System" was then read by Ex-Chief Justice Agnew. He said that our banking system was intimately interwoven with business and the general interest.

To obtain a clear view of the subject, the first thing to be noticed is that the Constitution confers on Congress no *express* power to grant a *charter* of incorporation. The power is one of inference only; but fortunately it rests on an express power intended to supplement all others in the Constitution, contained in the 18th clause, eighth section, and first article, in these words:

"To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all others vested by this Constitution in the Government of the United States, or in any department or officer thereof."

This power was a subject of early dispute between strict and liberal constructionists—classes originating at the time of the adoption of the Constitution. The former contended that it conferred no power, but what a fair interpretation would infer without it; the latter claimed a latitude which might be dangerous to the true operation of the instrument.

* * * * *

There are certain matters to be especially noticed. The essential basis of the system, as a note currency, being the public credit, a danger arises from the proximate extinguishment of the interest-bearing Government bonds, leading to a popular cry against a burden of annual interest. A little objection like this sometimes turns aside a great public good. But a small and reasonable rate of interest is a thousand-fold compensated to the people themselves, in the safe and convenient system it gives them, for currency, exchange, intercourse and business. A return to State banks, dissimilar as the laws of thirty-eight States would make them local in credit, and difficult in exchanges, would be a popular injury. So a return to a single institution, with branches, but dominated by a central power, would not only revive a defunct and contested system, but would be inconvenient and burdensome. Widely as the form of the present system differs from the former, discussion will discover that its constitutionality rests on grounds quite as strong. The form itself is far more convenient, general, useful and popular. Connected with this is an element not so commonly noticed or thought of, to be seen in the great expansion of the nation. From a Government of 3,500,000 people in thirteen States, the nation has expanded into one of 60,000,000 in thirty-eight States. A banking system confined to a single institution applicable to the early condition of the nation, evidently is inapplicable to its modern growth. The great increase in population and spread of territory require a system of banks large in number, and suited to the varied localities to be supplied.

* * * * *

A notable feature is the assistance this note currency affords to the power to coin money and regulate the value thereof. The entire coinage of the mints of the United States from the beginning of the government down to the time of the war, would not have supplied the funds for a single year of the war. This banking system provides a currency commensurate to the business of the people, convertible into coin, and much more convenient.

It aids in the payment of pensions and various national expenditures

and in the support of the military peace establishment, as well as the performance of the same functions in time of war. A close insight into the wants of Government, and the affairs of the people discloses a "necessity and propriety" in the system essential to the general welfare, and clearly within the constitutional power of Congress.

Mr. Knox was followed by Charles B. Alexander, who read an instructive paper on "Commercial Credits and Trust Receipts," which will appear hereafter.

At the afternoon session, Mr. William P. St. John addressed the association on three topics, two of which have been noticed in another portion of the present number, while the third, relating to the Treasury accumulations of money is fully given here. New York, said Mr. St. John, is just now recipient of returns for the first of a very early cotton crop, and during November and December, this release of money from the South ought to be great enough to make an easy money market generally. For February and March next, however, we need to anticipate demand for money in the spring settlements hereabouts and for a new season's advance in the South. The Treasurer of the United States, according to his own book-keeping, began this month with a surplus of cash on hand of \$70,000,000, and his daily receipts are amounting to about \$30,000,000 per month. The output of this month and next will be for ordinary expenses and for pensions. In December about \$2,500,000 will be paid for interest on the four and a half per cent. bonds, and in January about \$9,250,000 will be paid on the four per cents and currency sixes.

The partial success of the Treasury solicitation of bonds for the sinking fund, though little short of being complete, is an indication of what can be accomplished in the money market if emergency arise. The Secretary has fixed the price which he regards it fair to pay to holders for the surrender of their bonds, and the price would naturally be lowered rather than advanced with the lapse of time. If, then, the Treasury income shall accumulate importantly and a severely stringent money market ensue, will he extend his solicitation for bonds and will he raise his price materially? Will a *moderate* advance of price serve to secure the requisite number of millions of bonds which under such circumstances are reasonably sure to be required?

Congress is to assemble in December, and legislation to avoid and to dispose of idle accumulations in the Treasury will doubtless be attempted right away; but, unless that body is more expeditious than usual, it will be wise to discover at once, if possible, and in advance of any emergency, the sufficient authority in existing law for an executive proceeding for relief. I can imagine a contingency in which the demand upon the powers that be must be for the wisdom to discover and the boldness to act upon the authority of existing law. For agitation of the matter, in advance of any such possible contingency and emergency, I submit for consideration here and elsewhere a seemingly authorized interpretation of the Revised Statutes of the United States and a plan of executive proceeding in case of need.

ENLARGEMENT OF THE PUBLIC DEPOSITORIES.

SEC. 5,153.—All national banking associations, designated for that purpose by the Secretary of the Treasury, shall be depositories of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary, and they may also be employed as financial agents of the Government. * * * The Secretary of the Treasury shall require the associations thus designated to give satisfactory security,

by the deposit of United States bonds and otherwise, for the safe-keeping and prompt payment of the public moneys deposited with them, and for the faithful performance of their duties as financial agents," &c. * * * Submitting this section of the Revised Statutes to the *New York Journal of Commerce*, a paper esteemed, as you know, for its decisions of questions and answers to inquiries with something of the nature of a seer, I asked :

THE QUESTION DISCUSSED.

"Does this act empower the Secretary of the Treasury to lodge with national banks, under satisfactory security, any portion of the fund in the Treasury (now \$102,500,000,) received from national banks for the redemption of their surrendered circulating notes, such banks being designated by the Secretary depositories and financial agents of the Government?"

The *Journal of Commerce*, in editorial reply, deprecated the exercise of this authority because a "tremendous power in the hands of one man," but added :—"We have no doubt that he has the right to make such deposits, and we pointed it out as one of the possible dangers of the national banking system when the project was first broached, nearly twenty-five years ago."

But this objection of the *Journal* may as reasonably be raised against such exercise of the authority of this same section, 5,153, as we are all accustomed to, for thereby there are even now some \$25,000,000 of public moneys in the national banks; and let it be remembered, also, that we treat of an emergency and means of relief at hand.

Under the present Treasury habit the only public moneys received by national banks, as designated depositories, are the deposits made directly into the banks by internal-revenue collectors. Under this proceeding there is no inducement to a national bank now to seek the designation, nor would there be in case of an emergency. Suppose a bank to purchase Government bonds (as the required security) to the amount of, say, half a million dollars, then the accumulations of money, under the deposits of the particular revenue collector instructed to deposit with that bank, will be so slow as to make an important loss of interest to the bank upon the money invested in the bonds. And, again, because of the appointed method of paying over surplus moneys by the depositories into the Treasury, there may at any time be a momentary sum in the bank's hands beyond the appointed total sum authorized to remain in the depository; therefore, to cover the point of safety, exorbitant security is demanded of the bank.

OUTLINE OF PLAN.

That is to say, against the Government's bond, which it is willing to purchase at a premium of one hundred and eight and four tenths per cent., the deposit allowed a bank is but ninety per cent. of the pledged bond, and only par of the four per cent. bond, which the Treasury is willing to purchase at present at a premium of twenty-four per cent. If, then, a definite sum of money once in the Treasury may, under section 5,153, be lodged with the designated depository and financial agent, the Secretary could be made to feel safe with less security, even if he demanded the Government bond; say a deposit of one hundred and five per cent. of the four and a half per cent., and one hundred and twenty per cent. of the four per cent. On this basis of security and for a deposit of money promptly upon the pledge of bonds, there may be inducement enough to a national bank to seek the designation. Some banks are already owners of Gov-

ernment bonds; others, at present figures, might profitably purchase them; still others may arrange to borrow bonds for the purpose upon terms profitable to themselves and the owners of the bonds. If then an emergency appear to warrant the proceeding, and provided the interpretation submitted is regarded sound, the plan of executive proceeding for relief which I think feasible I submit in the form of a circular to issue from the Secretary of the Treasury, as follows:—

1. On (say) January 2, 1888, and during the period of thirty days thereafter, the Secretary of the Treasury will entertain requests of National Banking Associations for their designation as special depositories of public moneys, upon terms and conditions as hereinafter stated.

2. Requests must be in writing, signed by an officer of the Association and accompanied by abstract of the minutes of a meeting of its Board of Directors, certified by him under seal; said abstract stating resolution of said board directing the request and contracting to abide by the appointed terms and conditions (form furnished by the Treasurer and Assistant-Treasurers of the United States upon application after (say) December 15, 1887).

3. The Secretary will determine the amount to be deposited in each association, and no association will be allowed a deposit of a greater amount than the sum of its paid-in capital and surplus fund, as shown in its sworn statement of condition at the date of October 5, 1887.

4. Special deposits will be made with the distinct understanding that repayment is likely to be required within the period of about ninety days. The contract will explicitly provide that after sixty days from the date of the deposit the Treasurer of the United States may exact payment, in whole or in parts, and in every case repayment shall be made within the period of thirty days after date of issue of each of his payments.

THE SPECIAL DEPOSITS.

5. These special deposits must be secured by deposits with the Treasurer of the United States of interest-bearing registered bonds stated and valued as follows, viz:—

U. S. four p. c. bonds valued at.....	120 p. c.
U. S. Four and a half p. c. bonds valued at.....	105 p. c.
Union Pacific R. R. six p. c. bonds valued at....	110 p. c.
District of Columbia 3 65-100 p. c. bonds valued at.....	110 p. c.

6. The bonds deposited must be assigned to the "Treasurer of the United States in trust (for the association) to secure a special deposit of public moneys," and, if assigned by the association, or any other corporation, must be accompanied by certified and sealed abstract of the board resolution, which accords the requisite authority (blank form furnished by the Treasurer and Assistant-Treasurers of the United States upon application, after date aforesaid).

7. Upon the failure of any association to duly respond to any demand of the Treasurer for repayment as contracted, the Secretary shall be thereby empowered to realize upon a sufficient sum of the pledged security, by public or private sale, as he may elect; and shall have the right, at his option, on behalf of the United States, to assume at the valuations named, to the extent sufficient, the said four per cent. and four and a half per cent. bonds and cancel them.

8. The required lawful money reserve against deposits, in the case of these special deposits, shall be lodged with the Treasurer of the United States in trust, under direction and control of the Comptroller of the Currency; and the amount of this required reserve in each case shall be withheld by the Treasurer from the appointed gross amount of the deposits.

The object of this last provision of the circular is to satisfy the Secretary that his security for the moneys deposited in the banks is abundantly sufficient for his advance to the prices suggested against the deposited bonds, in order that he may willingly afford the sufficient inducement to the national banks, as indicated, to seek the designation of "depositors of public funds." For the authority of law for this particular provision of the circular we may compare the two applicable sections of the Revised Statutes of the United States. Section 5,191, after imposing the requirements of a twenty-five per cent. cash reserve against deposits for the banks of certain large cities, provides that:—"Every other association shall at all times have on hand in lawful money of the United States 15 per centum of its deposits;" and section 5,192 reads:—"Three-fifths of the reserve of 15 per centum required by the preceding section to be kept, may consist of balances due to an association from associations * * * doing business in the cities of" * * * etc. By this comparison of sections the phrase "on hand" as applied to the required cash reserve, will appear to mean *not* necessarily in the bank's own vault. A safe-deposit vault and any other secure place, as, for instance, the vault of the Treasury at Washington, would appear to be within the law.

I leave you to determine what occasion there may be for anxiety, if any as to money conditions in the early future, and whether or not under the Treasury operations, an emergency may arise; and, if it arise, whether the interpretation aforesaid of existing law is authorized; and, if authorized, whether it shall be availed of as proposed. But, whatever may await us in the future, for the present I must thank you for your patience; and, whether little or much importance shall attach to the matter dwelt upon, I beg that enough may be discovered to plead forgiveness with you for my so great trespass upon your time.

The Hon. Beriah Wilkins, chairman of the Committee on Banking and Currency, addressed the association on the surplus question. His remedy was a reduction of the revenues. His recommendations were:

"Without going into detail, repeal the tax on tobacco; reduce the duties on sugar, on rice, on lumber, salt and common cloth; reduce the tax on flannels and earthenware, on window glass and certain kinds of iron products; a large portion of the tax on circulation of the national banks could be remitted. A reduction of the revenues can be made, the tariff can be revised, discriminations of such character can be made if a spirit of fairness pervades, in such a way as will impose the least burden upon and best promote the great industrial interests of the country. Revenues can be reduced and yet continue the honest payment of our debt and the sacred preservation of the public faith; taxation can be reduced, compelling economy in public expenditure and a more careful guarding of the interests of the whole people. And if relief comes to us it must come in this way; it can come in no other."

Mr. H. M. Kingman, cashier of the First National Bank of Chicago, delivered an interesting address to the bankers on "Commercial Paper and its Importance as a Factor in the Discount Account of Banks." "The growing tendency with inland brokers," he says, "is to find investment for their surplus funds away from home, where each year the facilities for safe investment are diminishing. As the country advances in wealth and increases in population, banks multiply with other branches of industry, and in course of time an increase of unemployed funds is the result. The question then comes, 'What shall we do with the surplus funds?' The supply of home borrowers generally fails to meet the demand, and, if it were otherwise, many bankers, especially through the West, are beginning to see the advantage of buying in the

large money centers. The careful and sagacious investigation to which a dealer will subject an account before buying the paper is not only a safeguard to the country banker, but relieves him of all anxiety and trouble in making the purchase." That dealing in such commercial paper must become a separate branch of banking business, Mr. Kingman argues is evident to all bankers in large cities, owing to the great increase in the business, and the sagacity and integrity required in the dealers, who are not brokers without responsibility and desirous only of their commission, but responsible dealers who buy their customers' paper and thereby become its owners.

"Another advantage," Mr. Kingman continued, "gained by investing in large money centers is in the facilities afforded country banks for the immediate and safe investment of daily surplus," and on this point he added:

"The country banker sees but two legitimate channels of investment, the local home borrower and the investing of his current funds in outside commercial paper held by bankers near some money center. He knows that by investing at home he may be able to secure 8 per cent. or 9 per cent. interest, while he may not be able to get in outside investment over 6 per cent. Yet, if wise, he will invariably select the latter course, for the reason that if a loss occurred of $1\frac{1}{2}$ per cent. on, say \$100,000 loaned at 9 per cent. to depositors—farmer, stock dealer, merchant or manufacturer—in his town, it would wipe out the difference in gain of interest for a year on the same amount invested at 6 per cent. on outside approved paper.

"The paper urged a closer relation between the country banker and his dealer at the money centers, urging the better avenues of information and better facilities of the latter, and counseling the latter to offer no paper for sale which he would not have come to maturity on his hands."

Colonel Henry Exall, of Texas, was next introduced by President Murray and entertained the convention with a ten minute speech on "The Business Growth of Texas." After apologizing to the convention for departing from the routine of finance and banking, Colonel Exall said:

The growth of Texas is phenomenal and almost entirely unknown to the people who have not had the good fortune to visit the largest State in the Union. Texas in 1870 had 8,000 people, and the saying then was that the man with the plow and the hoe had no business that far West. It belonged to the cattle raiser and ranchman. In 1880 her population had increased to 16,000, and to-day Texas has a population of upwards of 25,000, and 20,000,000 acres under cultivation. Texas is a State with a magnificent future before her. I speak thus earnestly because I know what I talk of, and because of my love for Texas. I say without fear of successful contradiction, that no finer agricultural districts exist in the world than we have in North Texas, and none capable of supporting a heavier population. You read in your Eastern papers of drouth in Texas. Mr. President, Texas is 850 miles across in one way and 750 in another, and it may be very dry at both ends and leave it very wet in the middle. With the biggest cotton crops and the biggest corn crops in the history of the State; with new railroads gridironing the State and opening up not only the agricultural business, but our iron and coal deposits; with a people as happy and prosperous as any people in the world, we only want one thing. No words I can say of Texas can do her justice. We want you to come and see us, and as the delegate of the Bankers' Association of the State of Texas, and as a director of the State Fair Association, and as a citizen representing every man, woman and child of the hospitable State, I extend to this body an invitation to hold their next annual convention in the city of Dallas, during the session of the State Fair.

A report was at this point read from the executive committee upon what was facetiously dubbed the "Canada cashier resolution," which was worded as follows:

Whereas, The failure to agree upon a proper extradition treaty between the United States and Great Britain for the return of a class of offenders who seem to ever be found with us;

Whereas, It has come to be a matter of course that the class of criminals known under the designation of defaulters and embezzlers have immunity from arrest, trial and punishment by reaching the British possessions, where now in Canada there are large numbers residing,

Resolved, That the executive committee are requested to appoint a committee on behalf of the association to represent to our State Department the great evils now existing, and to urge the early amendment of our extradition treaties with Great Britain, so that the existing evils may be abated.

Samuel Norment, of Washington. D. C., offered the following resolutions, saying that he thought here was a good chance to inject a little patriotism into the financial discussion and land booms of the convention :

Whereas, It is proposed to hold at the national capital in 1889 a joint celebration by the sixteen American republics, in honor of the centennial anniversary of the inauguration of constitutional government upon the Western hemisphere, and it is also proposed to hold, at the national capital in 1892 a world's exposition in honor of the four hundredth anniversary of the discovery of America by Christopher Columbus, which exposition of the history, arts and industries of the three Americas is intended to be permanent ;

Resolved, That the American Bankers' Congress heartily favors this movement toward more intimate relations between the several sister nations of the three Americas, and commends it to the people of the United States as a matter of great practical importance, and that the secretary be instructed to send copies of these resolutions to the President of the United States, to the President of the Senate and to the Speaker of the House of Representatives.

The matter was discussed by Mr. Norment and A. D. Anderson, of Washington, and then referred to the executive committee.

Letters of regret were read from the Hon. William Crapo, of New Bedford, who suggests as one of the means of reducing further growth of the surplus, that the tax be taken off the National Bank circulation ; from Controller W. L. Trenholm and from General W. T. Sherman, who, President Murray announced, was a pioneer banker in California. Henry M. Brady, Secretary Fairchild, Carl Schurz and Senator Daniel, of Virginia, all expressed their regrets that other engagements kept them away. Senator John Sherman and John A. Bingham, of Ohio, Governor Colquit, of South Carolina, and Hon. John A. Kasson expected to be here, but were prevented by unforeseen circumstances.

At the third session, two more papers were read. One was prepared by Mr. C. P. Williams, of Albany, and considered the State taxation of national banks. He sought to establish the following propositions :

1st. That the non-taxability, either directly or indirectly, by the States, of the bonds of the United States, had, prior to the authorization of the national banks, become thoroughly settled as both constitutional and statute law.

2d. That notwithstanding such exemption, and although the national banks were required by the law authorizing them to invest a large portion of their capital in the bonds of the United States, and they might so invest the whole of it, the full value of all such bonds was subjected to State taxation through the taxation of their shares, on the ground that the shares are a property held by the owner, distinct and independent from the property of the bank, and that the taxation of the shares was not taxing the bank or its capital, and therefore was not taxing the bonds in which such capital was invested.

3d. That while such taxation of their shares, without proportionate deduction for their investment in the bonds of the United States, was held by the banks to be indirect taxation of such bonds, and therefore illegal, their acquiescence was compelled by decision of the court of last resort.

4th. That although the concession to the States of the right to tax

the shares of the national banks is limited by the restriction that "such taxation shall not be at a greater rate than is imposed upon other moneyed capital in the hands of individual citizens," yet it has been the practice of the taxing authorities of the States, by artful and insidious measures, to evade such restriction; and the State of New York, through its highest judicial tribunal, has made open declaration of its purpose to do so.

5th. In this situation it seemed to the managers of the National Banks that they could appeal with confidence to the courts of the United States to protect them from the rapacity of the States, by the enforcement of the restriction imposed upon them as a condition of their exercise of the right to tax; and that this restriction should be enforced in its fair and obvious meaning.

6th. Instead of which, we find the United States Supreme Court shrinking from the following its own rule as to declaring an unconstitutional State law void, because to do so would require the return of the money unjustly and unlawfully collected from the bank shareholders under it.

7th. After twenty years of adjudicated cases on these questions, we find the same court stultifying itself by misrepresenting its previous decisions and overruling and reversing their principles and doctrines; and forcing an unwarranted and unnatural construction of the English language, to reach a definition of the terms of the statute which shall support its judgment, denying the just claims of the banks for relief.

8th. After formulating such unnatural and unwarranted definition, the court, finding that it does not reach far enough to support its predetermined judgment, throws it all overboard and pronounces a judgment directly opposed to its own definition and to the principles laid down in previous cases.

9th. Thus the defenses set up by Congress for the protection of the national banking system are, in the language of the dissenting opinion of Mr. Justice Bradley, rendered practically nugatory, and the national banks and their shareholders are deprived of their protection.

10th. That the system of national banks is a fiscal system which organizes the capital of the country, with all its commercial and industrial interests, in harmony with the interests, and in support of the credit of the Government—that it has contributed as a needed agency greatly to the vast development of the country during the past quarter century, and that it is of much greater importance to those interests that the system be sustained than it can be to the banks themselves or to their shareholders.

11th. As a principle of political science, it is beyond controversy that the maintenance of the right of property—capital—is indispensable to the maintenance of the rights of the individual person; and that if Government fails in this, it fails in its most vital and important duty.

12th. The banks do not ask favors of the Government or of the courts. They demand simply even-handed justice. *That*, the Government and the people have as great an interest in giving as the banks have in receiving.

The Hon. Henry M. Knox, Superintendent of Banks and Public Examiner, of the State of Minnesota, read a paper explaining the character, history and duties of his office, which has supervision over fifty-five national banks, seven savings banks, the State treasury and books and accounts of State public institutions. This was one of the most useful papers presented to the association, and will be considered, as it deserves to be, in a future number.

The necessity and requirements for "bank examination" and examiners for protection of Government and people alike was strongly portrayed in a paper read by H. B. Wilson, of Ohio.

The paper from W. S. McCormick of Salt Lake, U. T., on "Justice to the Country's Products," and also that of Benjamin C. Wright, on "Business and Banking in California," were referred for publication.

The report of the Committee on Silver, which had been offered earlier in the session and withdrawn, was again presented. The committee said: "The American Bankers' Association has always taken the ground that both silver and gold are required as the money of the world, but that an international agreement only, on the part of a majority of the chief commercial nations of the world, can practically settle the question of the relative value of gold and silver when coined. Though several international conferences have heretofore been held, no conclusion has as yet been reached. The report refers to the action taken by foreign powers, and concludes with the recommendation that the coinage of silver dollars by the United States, under the Act of Congress of February, 1878, be suspended until the points at issue of the silver question be settled by international agreement." The report as presented was adopted.

The nominating committee presented the following list of officers: President, Logan C. Murray, of New York; first vice-president, Charles Parsons, St. Louis. Executive Council—Chairman, John J. Knox, New York; General S. Cox, New York; Lyman J. Gage, Chicago; Daniel Annan, Cumberland, Md.; James H. Bouve, Boston; W. G. Deshler, Columbus, O.; E. B. Jordan, Syracuse, N. Y.; J. W. Lockwood, Richmond, Va.; Augustus H. Moss, Sandusky, O.; Morton McMichael, Philadelphia; W. A. Nash, New York; J. J. P. Odell, Chicago; W. H. Rhawn, Philadelphia; Hoel H. Camp, Milwaukee; Logan H. Roots, Little Rock, Ark.; J. T. Smith, Baltimore; S. K. Sneed, Henderson, Ky.; W. E. Schmerts, Pittsburgh; Edmund Tyler, Boston; A. W. Wyman, Omaha; and W. P. St. John, New York.

The report was unanimously approved.

The only discussion of much importance was over a resolution for the exchange of a two and a half per cent. bond, which is noticed in the early part of the present number. Other papers were presented, which will appear in the printed proceedings of the convention, of varying merit.

CERTIFIED DRAFT.

NEW YORK COURT OF APPEALS.

*Flour City National Bank of Rochester, v. Traders' National Bank of Rochester.**

By a custom among banks in the city of Rochester, commercial paper held by either of such banks, payable at any of the others, instead of being paid when presented at maturity, was "certified" and returned to the bank presenting it as an item of credit in its exchange account with the certifying bank, and not as a negotiable instrument. On the 19th December, 1882, the City Bank received a certified draft for \$800 from the plaintiff bank, which, according to the custom, the City Bank was entitled to have credited in its exchange settlement with plaintiff on the following morning. The same day the City Bank transferred said draft of \$800 to the defendant, in settlement of its exchange account with the latter. On the morning of the 20th there was a balance due, after deducting the \$800 draft, in favor of plaintiff against the City Bank, which was then insolvent. In settling the exchange account between plaintiff and defendant on the 20th, defendant claimed credit against the plaintiff for the amount of the \$800 draft so received by it from the City Bank. It appeared that defendant, at the time of receiving said draft, had notice that there was an exchange account between plaintiff and the City Bank, and that the latter was in a failing condition. Held, that such receipt of the draft by defendant did not entitle it to the rights of negotiable paper, and that, under the circumstances, defendant could not set off such draft against plaintiff's exchange account.

RAPALLO, J. By the system of exchanges established among the banks in the city of Rochester, commercial paper held by either of such banks, payable at any of the others, on being presented at maturity at the bank at which it was made payable, instead of being paid on presentation, was marked by the teller of the bank where payable "certified," and was then returned to the bank which had presented it, for the purpose of being held as an item of credit to such bank in its exchange account for the day with the certifying bank, and being offset against any similar credit in favor of that bank against the other, which might arise during the same day for paper presented at and certified by it. On the following day these exchange accounts were compared, and the balance only was paid by the debtor bank to the other. Under this system the purpose of the certification was not to furnish to the bank receiving it a negotiable instrument, which might be put in circulation, but simply to furnish it with a voucher or memorandum, to be used as a credit on the settlement the next day of its exchange account with the certifying bank. If paper certified under these circumstances should be used by the bank receiving it as negotiable paper, and passed off as such to any one who would receive it, it is evident that the exchange system could not subsist.

All the banks concerned in the present litigation were doing business in the city of Rochester, and were parties to this system of exchanges, and had exchange accounts with each other. The plaintiff and the defendant had an exchange account with each other, and each had an exchange account with the City Bank of Rochester. On the 19th of December, 1882, a draft for \$800, drawn by Wellington Bros. & Co. upon Gordon, payable at one day's sight, to the order of the cashier of the City Bank of Rochester, and accepted by Gordon on the 15th of December, payable at the Flour City Bank of Rochester (the plaintiff), was presented by the City Bank of Rochester to the plaintiff, it having matured on the

* Reversing 38 Hun., 637.

19th. Instead of paying it, the plaintiff, in accordance with the exchange system, marked it "certified," and returned it to the City Bank, to be used the next day in the settlement of its exchanges with the plaintiff, charging it to Gordon as having been paid. On the same day the plaintiff held commercial paper payable at the City Bank of Rochester, and on presenting it at that bank received its certifications, in lieu of payment, to the amount of over \$1,900, which were held by the plaintiff to be charged to the City Bank on the settlement of the exchange account; leaving a balance at the close of the day's transactions in favor of the plaintiff against the City Bank of over \$1,100, after crediting the \$800 draft. At the close of the same day (December 19, 1882), there was a balance due to the plaintiff from the defendant on their exchange account for the day, and on the morning of the 20th of December, the items of the previous day in favor of the plaintiff in its exchange account with the defendant amounted to \$26,423.15, and were undisputed, and the defendant, in settlement of this amount, sent in to the plaintiff \$21,790.59 in cash, and an account of items which it claimed in its favor, amounting to \$4,632.56, but in which was included the before-mentioned \$800 Gordon acceptance, which had been certified by the plaintiff on the 19th for the City Bank of Rochester, and which belonged in the exchange account of the plaintiff with the City Bank of Rochester. The City Bank of Rochester had finally stopped business at the close of the business day on the 19th of December, and was then insolvent, and did not afterwards resume.

The plaintiff, on the morning of December 20th, on discovering that the Gordon acceptance was among the items of credit claimed by the defendant in its exchange account, refused to allow it, and immediately returned it to the defendant, with a statement that the plaintiff had offsets to a much larger amount in its account with the City Bank. The defendant insisted on being credited with the Gordon acceptance, and has never paid the balance of \$800 claimed by the plaintiff, and hence this action. The trial court found that defendant had received the certified Gordon acceptance from the City Bank of Rochester on the 19th of December, 1882, under the following circumstances: Although, by the usual custom between the banks, the exchanges were to be made on the day following the certifications, the defendant, instead of exchanging with the City Bank in the usual way, had for a month previous to the 19th of December, 1882, required of the City Bank a settlement each day of the balance of that day, instead of settling on the morning after. On the 19th of December, on exchanging their respective demands due on that day, there was found due from the City Bank to the defendant a balance of \$8,000; and the said Gordon acceptance, certified by the plaintiff, was thereupon transferred by the City Bank to the defendant as a payment of \$800 of that balance, the remainder being otherwise paid, and the defendant surrendering its demands against the City Bank in consideration of such payment and transfer. It was further found by the trial court that prior to November 19th, 1882, the exchanges between the City Bank had been settled in accordance with the general custom among banks before stated—that is, on the day after the paper became due—and was certified; but that the defendant had adopted the course of requiring from the City Bank a settlement on the same day, because it was unwilling to give credit to the City Bank; that this Gordon acceptance was taken by the defendant from the City Bank under circumstances which charged the defendant with notice that it was intended to be used in settling the exchanges between the plaintiff and the City Bank; that the intention of the plaintiff in certifying the Gordon acceptance instead

of paying it was that it might be offset by any cash demands which the plaintiff might have against the City Bank, and that such certifications carried with it notice of such intention to the defendant; and that the defendant took the said Gordon acceptance with notice that it was diverted from the purpose for which it had been certified by the plaintiff. On the 19th of December, and before the Gordon acceptance was passed off by the City Bank to the defendant, the City Bank had certified paper held by the plaintiff to the amount of \$1,900.

On the first trial of this action the special term held that the certification in question was not negotiable, and rendered judgment in favor of the plaintiff. This judgment was reversed at general term, and a new trial ordered. On the second trial the court, at special term, conforming to the decision at general term, rendered judgment for the defendant, and that judgment was affirmed, and the plaintiff now appeals to this court.

It is claimed on the part of the plaintiff that the certification, being of an acceptance payable on time, was notice that the paper had matured, and been presented for payment at maturity, and that as to all the parties to the bill the certification was a payment which discharged them, and the paper had lost its negotiable character. On the other hand, it is claimed that, although all the parties to the bill were discharged, and as to them the paper had ceased to be negotiable, yet as to the bank certifying it the certification was equivalent to a certificate of deposit payable to bearer on demand, and as such was negotiable as against the bank. We do not deem it necessary to pass upon this question, because, to entitle the holder of the certification to recover upon it without regard to the equities between the certifying bank and the party to whom the certification had been issued, it was necessary, not only that it should be negotiable, but that the party claiming on the certification should have received it in good faith, and without notice of those equities. It seems to us that the defendant in this case does not, under the facts found, occupy that position. The defendant received the certification with notice that it represented an item merely in the exchange account between the City Bank of Rochester and the plaintiff, and that whether anything would be due or payable upon it would depend upon the state of the exchange account between the two banks at the close of the day; that it was certified for the purpose of being used in the settlement of that account. This was notice that it was intended as a mere voucher, and was not made for purposes of negotiation; and it is expressly found that the defendant took it with notice that in transferring it to them the City Bank was diverting it from the purpose for which it had been certified by the plaintiff. It matters not that the defendant did not know the actual state of the exchange account between the City Bank and the plaintiff. As a matter of fact, it appears, from the findings, that at the time the defendant received the plaintiff's certification from the City Bank it had been more than paid by certifications which had been made by that bank, and were held by the plaintiff. But it is not necessary that the defendant should have notice of that fact. It knew that there was an exchange account between the plaintiff and the City Bank, and that the certification was subject to the settlement of that account on the following day, and also that, in the ordinary course of business, it was probable that the City Bank held paper certified by the plaintiff against which this certification was applicable. By insisting on the City Bank settling with it on the 19th, contrary to the general custom, because it doubted the credit of the City Bank, and taking from it this certification for that purpose, it was endeavoring to cast upon the plaintiff, in case it had offsets, the risk which it was un-

willing to incur, and to subject the plaintiff to the chance of the City Bank providing other means, if required, of meeting its liabilities to the plaintiff. Whatever might have been the rights of an innocent party taking the certified draft in ignorance of the purpose for which the certification had been made, and of the right of the plaintiff to apply it on a pending account, we cannot hold, in the face of the facts found, that the defendant, in taking this paper from a failing bank, under the circumstances became a holder in good faith. It purchased what it knew to be a mere voucher for an item in an account to be settled, and necessarily took it subject to the result of the settlement of that account.

The judgment of the general and special terms should be reversed, and a new trial ordered, costs to abide the event.

(All concur.)

A CASE OF NATIONAL BANK TAXATION CAN BE REMOVED TO A FEDERAL COURT.

SUPREME COURT OF IOWA.

Richards v. Incorporated Town of Rock Rapids.

The rule of taxation prescribed by the Revised Statutes U. S. § 5,219, which provides that the taxation of shares of National Banking Associations "shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens," is a federal question, within the meaning of the removal acts. Consequently a case in which such question arises may be removed to a federal court, although the provisions of the United States statute have been re-enacted by the State Legislature.

The plaintiff is president of the First National Bank of Rock Rapids. The defendant is an incorporated town, the council of which are the board for the equalization of the assessment for taxation of the property situated within said incorporated town. The plaintiff appeared before the board, and, in behalf of the stockholders of the bank, made complaint that the assessment of the capital stock of the bank was in excess of the assessment upon other moneyed capital of individuals in said incorporated town, and therefore illegal to that extent. The board refused to equalize the amount as demanded, and thereupon plaintiff appealed to the Circuit Court, and afterward filed a petition demanding the removal of the cause to the Circuit Court of the United States, in which petition he showed that the amount in controversy exceeded the sum of \$500 exclusive of costs, and that the questions arising in the proceeding are to be determined under the constitution and laws of the United States, and thus involve a federal question which it is the right of the plaintiff to have determined by the federal courts. The plaintiff tendered with his petition for removal a bond such as is required by law, which bond was approved by the court. The court refused to order the removal of the cause. The defendant appealed from the order overruling the motion to dismiss the proceeding, and the plaintiff appealed from the order refusing to order the removal of the cause.

ROTHROCK, J.—It is not denied that the question involved in the case requires the application of the rule of taxation prescribed by section 5,219 of the Revised Statutes of the United States. The controversy, therefore, involved a federal question. The fact that the laws

of the State prescribe the same general rule does not defeat the jurisdiction of the federal courts. If this position be correct, a State might, by re-enacting any federal statute, take away the jurisdiction of federal courts. The case is clearly removable under the act of Congress approved March 3, 1875, the provisions of which we need not here repeat. The parties were before the court; a controversy existed between them in a proceeding involving a question under a federal statute; and we think the order of removal should have been made.

Upon plaintiff's appeal the judgment will be reversed.

FORGED CHECK.

SUPREME COURT OF MINNESOTA.

Hensel v. Chicago, St. P., M. & O. R. Co.

A check (the drawer's signature being genuine) in the hands of one not the drawer, is presumed to have been complete when signed, and to have been then delivered to the payee.

If a check payable to a payee named, or order (it having been delivered to the payee), comes into the hands of one not entitled to it, who forges the payee's indorsement, and passes the check to another person, who receives the money on it, such other person is not liable for such money to the drawer, but may be liable to the payee.

Plaintiff in his complaint alleges that he is a drayman in the city of St. Paul, and a customer of defendant; that, in the usual course of his business at the time mentioned, he was accustomed to pay the bills for freight hauled by him by check upon the National German-American Bank of St. Paul, the amount of the bills being computed by defendant's agent, Cooper, with whom plaintiff transacted his business, and the amount so ascertained then filled in, and the check signed by plaintiff; that on October 27, 1884, plaintiff being indebted to defendant for a sum of which he did not know the exact amount, Cooper presented him with a blank check on said bank, and requested him to sign it, saying that he would ascertain the amount due, and write the same in the check, and also the name of the defendant as payee; that plaintiff thereupon signed such blank check, and delivered it to Cooper; that thereafter defendant caused the check to be filled out for the sum of \$322.10, to the order of one Lenna Burt, and forged the indorsement of Lenna Burt thereon, and presented the same at the bank, and collected the amount thereof, and has refused to apply the same in payment of plaintiff's indebtedness to defendant. Defendant, in its answer, denied all knowledge of the transaction alleged by plaintiff; and alleged that on October 27, 1884, said check, duly filled out and indorsed, was first presented to its agent, Cooper, by Lenna Burt, with the request that Cooper might cash the same; that Cooper, knowing the signature of plaintiff, cashed the check, and presented it to the bank, and received payment thereof. On the trial, before Wilkin, J., and a jury, the evidence, consisting principally of the testimony of plaintiff and Cooper, was directly in conflict. Plaintiff had a verdict. A new trial having been granted, plaintiff appealed.

GILFILLAN C. J.—There was no controversy that plaintiff's signature to the check was genuine. The answer puts in issue the allegations that

it was in blank when signed. Cooper denied *in toto* plaintiff's testimony that it was then in blank. If Cooper's testimony as to that was true, plaintiff's was false, and there is nothing to show that the check was not complete when signed. The presumption, from the check itself (the signature being genuine) is that it was, when signed, complete, and that it was then delivered to the payee named in it, vesting the title to it in her. If the person who transferred it to defendant (as testified to by Cooper) was not the payee, and the indorsement was not genuine, the wrong was done to the payee, whose property it was, and the receipt by defendant of the money it called for was of money to which she (and not this plaintiff) was entitled.

In this view of the case, if the defendant became liable to any one, it was to the payee, and not to the plaintiff. Order affirmed.

LEGAL MISCELLANY.

BILLS AND NOTES—PAROL EVIDENCE—BILL OF PARTICULARS.—Parol evidence is not admissible to show a contract made before or at the time of the execution of a promissory note, varying the time of payment specified therein. In a suit on a promissory note the defendant cannot demand a bill of particulars; that applies to an action on an account. [*Doss v. Peterson*, S. C. Ala.]

BILLS AND NOTES—SIGNING.—A cashier of a bank, duly authorized, who signs his name on the back of commercial paper as cashier of the bank, cannot be held as a surety thereon. [*State N. Bank v. Singer*, S. C. La.]

BILLS AND NOTES—INDORSEMENT—PAROL EVIDENCE.—Parol evidence is admissible to show that all the indorsers were accommodation indorsers, and by parol contract between themselves were co-sureties. [*Farwell v. Ensign*, S. C. Mich.]

CORPORATIONS—GIFT OF STOCK AND BONDS—LIABILITY OF STOCKHOLDER.—In the absence of contract or statute, a corporator to whom the corporation presents its stock or bonds is not liable therefor to a creditor of the company. [*Christenson v. Eno*, N. Y. Ct. App.]

PROMISSORY NOTE—PAYMENT.—Where an executor deposited in a bank for collection a promissory note, K., a volunteer, took up the note by giving his check for the amount of it: *Held*, that his so doing was a payment, not a purchase of the note, and he could not enforce a deed of trust by which it was secured. [*Kennedy v. Chappin*, Md. Ct. App.]

BILLS AND NOTES—PROTEST—NOTICE—CERTIFICATE.—A negotiable note payable at a certain bank must be presented there for payment to bind an indorser. Notice of protest to an indorser residing in the town must be personal; if he resides elsewhere the notice to him must be mailed on the next day after protest. The certificate should state that the notices were mailed to certain places, and that they were the residences of the parties, in the absence of other proof. [*Peabody Ins. Co. v. Wilson*, S. C. App. W. Va.]

CERTIFICATE OF DEPOSIT—DEMAND—STATUTE OF LIMITATIONS.—A certificate of deposit by a bank is a promissory note due immediately. No demand is necessary. The statute of limitations begins to run as soon as the certificate is issued. [*Mitchell v. Wilkins*, S. C. Minn.]

CORPORATION—EQUITY—PREFERRED STOCK—JURISDICTION.—If the directors of a corporation fail or refuse to pay dividends to holders of preferred stock, when the corporation is bound to pay such dividends, and has the funds to do so, a court of equity has jurisdiction to compel such payment. [*Hazeltine v. Belfast, etc. Co.*, S. J. C. Me.]

NEGOTIABLE INSTRUMENTS—INDORSEMENT—AGENCY.—Where one of two payees of a draft received and handed it to the other, with instructions how to apply his share of the proceeds, and the latter indorsed both names and transferred it to a third person in payment of his own debt, such third person being without actual notice, is not liable to the first holder for his share. [*Mars v. Mars*, S. C. S. Car.]

SURETY—NOTE GIVEN AS COLLATERAL—RECITAL.—Circumstances stated under which certain notes, given by the individuals as collateral security for the note of a corporation, became absolute. Effect of recitals. [*Street v. Old Town Bank*, Md. Ct. App.]

ATTACHMENT—SALE—DELIVERY.—Where, by contract with a bank, a mining corporation was to deliver its products of bullion to a common carrier, consigned to the bank, the proceeds of such products to be credited to the bank against advances made by it to the corporation: *Held*, that delivery to the common carrier was a delivery to the bank, and that products so delivered could not be attached by a creditor of the corporation. [*First National Bank, Helena v. McAndrews*, S. C. Mont.]

THE LAST FIFTY YEARS OF ENGLISH FINANCE.

A survey of the financial experiences of the first years of the reign of the queen must afford some comfort to those who have to deal with the finances of the kingdom to-day. As those years passed, the prospect was not indeed inspiring. On the contrary, it was calculated to develop the deepest gloom. The first, the essential condition of good finance, was wanting. Every successive year was marked by a deficiency of income to meet the demands of the public service. This was not due to any indulgence in extraordinary expenditure. No large works of a permanent character were undertaken, such as might justify the postponement of payment of part of their cost to later years. No sudden necessity of war or warlike preparation compelled a chancellor of the exchequer to consent to immediate outlay, and to bethink himself afterwards how it should be met. The calls of this nature which arose were such as must always be expected in an extended empire, and ought not to have embarrassed a finance minister. The annual expenditure of the nation was normal and ordinary. It was, moreover, moderate—not by comparison with the totals of later years, but when set beside the burden of the generation immediately preceding. The functions of the national government were narrowly restricted. The spirit of economy animated successive administrations. If there was any tendency to outlay on the part of his colleagues—and it is believed there was then very little—the chancellor of the exchequer curbed it, and provided, as he hoped, sufficient means of revenue to meet the anticipated expenditure. Yet the following is the record of the results of these years:

	Income.		Expenditure
Year to Jan. 5, 1838.....	£ 50,419,134	....	£ 51,145,304
" 1839.....	51,310,006	..	51,654,000
" 1840.....	51,850,139	....	53,381,258
" 1841.....	51,684,766	....	53,244,494
" 1842.....	52,228,320	....	54,314,844

We have here a perpetually recurring deficit as the first evil fact of financial administration at the commencement of the reign. If we proceed to inquire how the income, inadequate as it was, was raised, we may light upon what we now believe to be an explanation, more or less complete, of the recurring deficiency in the revelation of the characteristics of the existing taxing system. Taking the middle year of the five of which the figures have been given—that ending on January 5, 1840—we find the income thus composed :

Customs.....	£23,387,269
Excise.....	14,871,597
Stamps.....	7,353,819
Land and Assessed Taxes, etc.....	4,104,877
Post-office.....	1,324,342
Crown Lands.....	167,500
Miscellaneous.....	415,362

From which it appears that almost exactly three-fourths of the revenue raised in the year were derived from the duties of customs and excise. This is enough to suggest a doubt of the justice of the financial system as regards the repartition of the national burden among the different classes of the community. Although the pressure of indirect taxes becomes shifted and adjusted in the process of distribution, so that it is always difficult to trace the ultimate incidence of the levy—and there is some plausibility in the suggestion that in the end the burden reaches each back according to its capacity to bear it—yet we cannot doubt that of the amount thus annually raised, even if we regarded for the moment nothing but the sums actually extracted from the taxpayers, too large a share came from those who consumed the mass of dutiable articles, whether of customs or excise. But a statement of the proportion of the revenue derived from indirect taxation is an extremely partial revelation of the truth. We must inquire upon what commodities duties of excise and customs were levied. The excise still extended to such articles as soap, glass, bricks, and paper, and included a newspaper duty. To protect the revenue thus raised, constant supervision of each trade was necessary, restricting the exercise and limiting the development of all of them, whilst tending to foster monopolies in the hands of those engaged in each industry. Strict regulations directed the processes of manufacture, and improvements were hampered by the necessity of inducing the co-operation of the excise department in any transformation of the mode of production. The duties on bricks and glass may be especially instanced as far-reaching in their effects on other trades besides those primarily concerned, and architecture itself suffered from limited and stereotyped forms of manufacture. But the customs duties were worse. Upwards of 1,200 articles were included in the tariff, and many of them not for the purpose of bringing money into the exchequer, but in order to compel people to buy dearly at home what they could have got cheaply from abroad. The express object of many of the duties was an absolute prohibition of importation; and, even where some foreign trade survived, it was on a reduced and limited scale, and potential consumers were debarred the cheap satisfaction of their desires without any gain either to the exchequer or to a home manufacturer. The unproductiveness of many, or rather of most, of the customs duties was in truth their recommendation to those who approved of them.

Out of the 1,200 articles in the tariff, nine did in fact contribute seven-eighths of the revenue received. Tea, sugar, tobacco, spirits, wine, timber, corn, coffee, and cotton wool made up the large proportion of the whole. Out of these, five—tea, sugar, tobacco, spirits, and corn—

were the most productive, yielding just two-thirds of the total customs revenue—all articles of practically universal consumption; while in the case of corn, the effect of the duty was, and was intended to be, the raising of the price of the corn produced at home for the benefit not of the exchequer, but of the persons in possession of the prime material of its production—corn-growing land. In the same way differential duties on sugar and on timber taxed the home consumer in order to confer a bonus on colonial producers. The tariff was tainted with injustice in its most lucrative items, and, apart from injustice, it was almost everywhere open to the charge of impolicy. The import duty, or rather import duties, on wood burdened all industries. It is scarcely intelligible upon what grounds an import duty on cotton was defended.

No manufacture was too insignificant to escape the notice of the officers of the customs, and, although it was a primary object to prevent the importation of the manufactures of other nations, the hand of the collector was heavy upon raw materials, so as to weigh down the development of manufactures at home. And, to crown all, the prospect of a better policy seemed to recede rather than to advance. In the unreformed Parliament before 1832 there had been a strong demand for fiscal improvement. The petition of the London merchants had been presented to Parliament as early as 1821, and Lord Liverpool had expressed an abstract approval of its principles.* Mr. Huskisson had shown a readiness to carry abstract approval into practice. In 1828, Sir Henry Parnell had obtained a committee on financial reform, and, although it never reported, he himself tabulated the conclusions to which its inquiries led in favor of large remissions of taxation, including the abolition of all taxes on the raw materials of manufactures, and the imposition of a property and income tax to make good any consequent deficiency. But the reform of Parliament did not apparently develop any further movement towards fiscal reform and the liberation of trade. The new electors were restive under direct taxes, and agitated for an abolition of house duties and window tax, but acquiesced in indirect taxation.

The recovery of strength by the Conservative party boded no good, bound up as that party was with the maintenance of the corn duties; nor could those who remembered Sir Robert Peel's strenuous opposition to Lord Althorp's attempt to reduce the timber duties expect much assistance from him towards financial reform. Such was the situation in the earlier years of the reign. An inadequate revenue; a system of taxation pressing disproportionately upon the means of the poor, but injuring the industrial classes still more in the way it tied and bound the processes of manufacture and restricted the exchanges of commerce; and an increasing certainty of the approaching accession to power of the political party whose bond of union was the maintenance of those import duties which had the worst characteristics of civic injustice and financial impolicy.

Sir Robert Peel entered into office immediately after the reassembling of Parliament upon the general election of 1841; but he spent the winter in elaborating his plans and in familiarizing his colleagues with them, and it was not until the session of 1842 that he explained his policy to the House of Commons. He dealt first with the corn laws, proposing to substitute a less severe sliding scale for that in existence. Lord John Russell and the Whig party had adopted the policy of a

* This famous petition was translated into Spanish in 1825, at the instance of the Political Economy Club, for distribution among the new States of South America—such were the hopes excited by their deliverance from Spanish authority.

moderate fixed duty; and against them Sir Robert argued that such a duty could not be maintained if the price of corn became high, and that, once withdrawn in deference to pressure, it could not be reimposed. His own sliding duty would vanish and reappear automatically without recourse to legislation, and without the intervention of the executive government. Against Mr. Villiers, Mr. Cobden, and the advocates of unconditional repeal, he urged the policy of maintaining such a supply of corn at home as could, in circumstances of visitation, be expanded without great difficulty into a sufficiency for the whole population. It is noteworthy that of pure protection he spoke little; nor did he dwell on the supposed sufferings of the ill-used race of men that cleave (or own) the soil; and the sturdier advocates of protection were justified in suspecting his steadfastness. Their suspicions must have increased when the budget was unfolded. Sir Robert Peel proposed the reimposition of the income tax for a limited period, and he appealed strongly to persons of means to emulate the civic zeal of their fathers by accepting cheerfully a sacrifice necessary for the re-establishment of public credit. His adjurations to his hearers to restore the equilibrium of income and expenditure were so earnest that this aim has been sometimes represented as the sole motive of his policy. It is not easy to say with decision how far his mind had advanced in the spring of 1842—most probably he did not know, and certainly he did not tell himself—but his budget contained two perfectly independent branches, and besides proposing the income tax as a means of equilibrium, he recommended a large reform of the tariff in the interest of trade. His reductions affected 750 articles out of the 1,200 in the tariff, and his aim was to make the duties on raw materials nearly nominal and to reduce those on partially manufactured materials, while on fully manufactured articles the duty was not to exceed 20 per cent.

The income tax was imposed for three years; but 1842 was already too far spent to allow the attainment within it of the equilibrium Sir Robert Peel desired. The experience of the years that immediately followed attested his success, although further remissions had been made.

	<i>Income.</i>		<i>Expenditure.</i>
Year to Jan. 5, 1844.....	£56,806,081	....	£55,360,511
" " 1845.....	58,302,812	....	54,840,518

and when he met Parliament in 1845, he was encouraged to essay a further flight. The period of the tax was expiring; but he asked leave to renew it for another three years, and, this time, avowedly in the interests of an invigorated commerce. His recommendations prevailed. The tariff was absolutely cleared of 450 items, chiefly raw materials; all export duties were swept away, and the excise on glass abolished. There could no longer be any doubt as to the meaning of Sir Robert Peel's policy, but the year 1845 was to be signalized by an open abandonment of the corn duties themselves. The failure of the potato crop precipitated a famine in Ireland, before which the necessity of maintaining a measure of self-subsistence in respect of food within the United Kingdom crumbled away, and in the spring of 1846 Sir Robert Peel proposed to Parliament, Lord John Russell having found himself forced to decline the task, the virtual repeal of the corn laws. This determined the course of fiscal policy for several subsequent years. The finances of the country were temporarily disarranged by the necessity of a famine loan for Ireland in 1847, when £8,000,000 were granted to the relief of its starving inhabitants, and the year of revolution (1848) dislocated for the time the trade with the continent, but the

progress of remission of duties was practically uninterrupted. The excise on bricks followed the excise on glass; the abolition of the navigation laws, which Cromwell had instituted and Adam Smith defended, followed that of the corn laws; the differential duties on slave-grown sugar disappeared; and the income tax was renewed for varying terms as the instrument which made all these reforms practicable. It had never, however, been accepted as a permanent element of our financial system; and in 1853, when Mr. Gladstone was for the first time at the exchequer, as chancellor in Lord Aberdeen's ministry, he made its definite extinction a primary object of a far-reaching and elaborate budget.—*L. H. Courtney in Ward's Fifty Years of the Reign of Queen Victoria.*

[TO BE CONTINUED.]

ECONOMIC NOTES.

INCREASE IN POPULATION.

Mr. E. B. Ellicott, the trustworthy and greatly honored actuary of the national government, estimates the population of this country to have been 59,893,000 on June 30, 1887. Possibly this number may be modified, but not very materially. A year previous our population was returned at 58,420,000, showing the increase to have been 1,473,000 during the past year, or the largest in our history. The increase from 1885 to 1886 was 1,445,000, with but 334,203 immigrants reported; from 1884 to 1885 it was 1,419,000, including 395,346 immigrants; from 1883 to 1884 it was 1,391,000, with 518,592 immigrants. In all other years it was less. The increase is not mainly due to immigration, nor to the children of immigrants, but to the fertility and longevity of the native American stock. Bostonians who are afraid of the immigrants, should look to the South and West for a little encouragement about Americans. And persons who think that business may go to pieces, should notice the fact that during the past fiscal year we have added 1,473,000 persons to our population, or enough to keep a whole State busily and profitably employed.

EASTERN CAPITAL IN THE WEST.

The Boston *Commercial Bulletin* now shows how great a sum of money has recently been invested by Eastern capitalists in Western enterprises that have originated in that city. The Atchison, Topeka & Santa Fe Railroad Company has called for nearly \$40,000,000 to be expended in extending its system, and about one-half of this sum has been paid in. The Chicago, Burlington & Quincy has obtained about \$7,500,000, half of which has been furnished in this country. To the Chicago, Burlington & Northern, \$12,200,000 has been paid in the last year and a half. The Wisconsin Central and the "Merriam" group of roads have received large sums, and \$6,000,000 has been put into the Memphis & Birmingham road. These enterprises, which are especially favored in Boston, have called for \$75,000,000, all of which has been subscribed, and \$45,000,000 of it has been actually invested. Boston capitalists have also supported certain California land companies by payments amounting to \$2,500,000 and the Western mortgage companies are said to be doing a good business. Boston capital has gone into new national banks in the Northwest, and one resident of the city is a director in no less than fifty-seven of these institutions. The money that is thus placed in the West finds its way back slowly.

SAVINGS BANKS AND ANTI-SOCIALISM.

The semi-annual and official reports of New York savings banks make a good showing for the prosperity of their patrons. The deposits in twenty-four such banks in New York city have been increased by eight million dollars since the first of this year. Their number of depositors has also increased by seventeen thousand persons since the first of January, 1887. It is estimated that the total increase of deposits in the banks of the State for the same time will count up to twenty million dollars. The "surplus" in the city banks mentioned has grown by over a million dollars in the last six months. These details show that seventeen thousand new members have joined this old "Anti-Poverty Society," who propose to take care of themselves individually, and that the great army of depositors in the State and the city that occasionally hears some very wild talk are going on providing for themselves in the good old-fashioned way of taking care of the pennies, nickels, dimes and dollars. Yet we suppose the McGlynn disciples would not leave even the real estate mortgages, which are among the foundation corner-stones of all good savings banks, undisturbed by their reckless theories. There could hardly be any savings banks in a world where it is proposed that the Government shall administer all property for the good of the governed, lazy, thriftless, extravagant folks, as well as for the industrious and economical. It will seem to a good many millions of people that the time has not yet come for doing away with the good institutions that help every man who begins to help himself.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

AUTHORITY OF CO-TRUSTEE TO DRAW DEPOSIT.

A., B., and C., as trustees, have deposited in bank trust funds. Would the bank be safe in permitting one of them to draw on the account, or should two or all of them sign the checks?

REPLY.—This question has been answered by Judge Hare, of a lower court in Pennsylvania, whose opinion was approved by the Supreme Court of that State. He said that "it were futile to open a joint account if one of the depositors could withdraw the money. All must, therefore, unite in the receipt or check, in order to discharge the banker." (*De Haven v. Williams*, 80 Pa., 48). In England, a check signed by one co-executor will protect a banker in paying it. (*Ex parte Rigby*, 19 Ves. Jr., 462; *Carr v. Read*, 3 Atk., 695). But a distinction is made there between executors and trustees, and all of the latter must sign a check for drawing deposits. (*Ex parte Hunter*, 2 Rose, 363). In this country money is often drawn on the check of one co-trustee, but the very object of appointing several is to enhance the efficiency and security of the administration of the trust by joint action. To permit one of them to draw deposits without the consent or knowledge of the others is to nullify one of the most important objects in appointing them. It is desirable for banks to enforce the legal requirement; or, if doing otherwise in order to please or accommodate trustees, to consider well who they are, or insist on having adequate security.

BANKING AND FINANCIAL ITEMS.

A SAVINGS BANK FOR GIRLS.—There is a kind of savings bank for girls in Germany which might well be imitated in other countries. We mean the so-called "Sparkassen," closely akin, in the United States, for instance, to what is known as the endowment plan in American life insurance companies. On the birth of a girl, parents in moderate circumstances can insure her in one of these savings banks for a sum that will give the child on the completion of her 18th year a small capital to start in life with, *i. e.*, to follow a profession or finish her studies, or, as the case may be, to serve as a dower in the event of her marriage. Of course, the parents pay a fixed annual premium to the company, which invests the stipulated sum in securities, real estate, etc., and see to it that the investments either yield a fair interest, which is compounded, or that the real estate increases in value; so that by the time the girl arrives at years of discretion she may find herself mistress of a snug little fund to enable her to get on without calling for assistance upon her parents, to whom the comparatively light annual premium has scarcely proved a burden. One of the best of these model institutions, well managed, thoroughly safe and under excellent surveillance, is the well-known Wilhelms Casse, named thus after its imperial patron the Emperor William.—*Paris American Register*.

THE FAVORITE LINE TO CALIFORNIA.—The Great Rock Island (C., R. I. & P. R'y), offers a choice of routes beyond Missouri River, on both single and round trip tickets. First-class excursions every week. Rates as low as the lowest. Trains composed of elegant day coaches, superb dining cars, magnificent chair cars and Pullman palace sleeping cars. For full information, address, E. A. Holbrook, G. T. & P. A., Chicago, Ill.

CERTIFICATE OF DEPOSIT.—The *Alta-California* reports an interesting case involving a bank's liability on one. The name of the case was *Honig vs. Pacific Bank*. Honig had a clerk named S. A. Peyser, whom he left in charge of his business during his own absence. Peyser collected various sums of money and deposited them in the Pacific Bank. Honig had no account in the bank, and was not known there, and Peyser was not specially authorized to open any account for him, and in fact he did not open any account, but took certificates of deposit made out in the usual form, payable to the order of N. Honig, "on the return of this certificate properly indorsed." In accordance with the custom of all banks when issuing certificates of deposit to persons with whom they have had no previous dealings, Peyser was required to place the signature of the payee on the bank's signature book, and he did so, signing "N. Honig, per S. A. Peyser." Apparently he subsequently became a defaulter, for on Honig's return he committed suicide by drowning himself in the bay, after confessing to Honig that his accounts were not straight. Honig made an investigation and discovered that five deposits had been made by Peyser, evidenced by a similar number of certificates, aggregating in amount about \$1,250, and that Peyser had, after making the deposits, indorsed the certificates "N. Honig, per S. A. Peyser," returned them to the bank and got the money back upon them. Honig demanded the money from the bank, and payment being refused, brought suit. The case was tried before Judge Sullivan, who gave judgment for the plaintiff.

On an appeal to the Supreme Court the counsel for Honig argued that the certificate of deposit was on its face evidence of the bank's knowledge that Peyser was not principal, but merely agent for Honig; that authority to deposit did not impart authority to draw, and that Honig was not bound by the entry in the bank's signature book. They also made the point that to hold otherwise would be to destroy the character of a certificate of deposit as a negotiable instrument; for under the law a certificate of deposit is a negotiable instrument, the title to which passes by indorsement, and that character would be destroyed by requiring a third person who might take such a certificate, indorsed by the person named therein as payee, to refer to the bank's signature book for information not appearing on the face of the payee. This view is sustained by the Supreme Court.

COLLATERAL SECURITY.—A rescript has been sent down by the Supreme Court of Massachusetts in the case of William C. Cotton, executor of the will of Arria Cotton *vs.* Atlas National Bank, the same being a bill in equity to procure the return of the \$42,000 worth of stocks held by defendant as collateral security for a note of Frank B. Cotton, a son of said Arria Cotton, who had pledged the same to the bank at her son's request. The note was twice renewed, and it was claimed by plaintiff that this fact operated to release the security. This position is not sustained by the Court, and in dismissing the bill, the Court says that it appeared in evidence that the testatrix knew everything about the transaction, and that she was, in fact, the real debtor, as the money was practically procured by her in order that she might loan it to a third party.

NORWALK, O.—The cause of the failure of the Bellevue Banking Company was loaning \$110,000 to two institutions which had not ability to meet the paper, \$80,000 to the Bellevue Milling Company and \$30,000 to the W. W. Williams Publishing Company of Cleveland. The transactions extend several years back. The money loaned to the Williams Company was secured by certain notes or stock, which in time have become apparently worthless. Stockholders are held for \$120 each share, so that depositors will lose little, if anything. Burdette Wood, president, who owned two hundred and fifty shares, will lose \$50,000. Abishai Woodward, the next largest stockholder, will lose about \$15,000. The failure causes great surprise among depositors and others, who had implicit confidence in the bank's management.

CINCINNATI.—Some time ago the Cincinnati National Bank sent an application to the Comptroller of Currency for permission to reduce their capital stock one-half, or to \$250,000, the bank to add \$50,000 to its surplus fund, making its working capital \$300,000. This indicates an impairment of \$200,000 in the original capital, of which about \$100,000 will be eventually collected. This the directors proposed to have go into the bank as surplus, or to be utilized as the Board of Directors might direct. The Comptroller, upon this presentation of the case, and acting upon a recent decision and upon rulings of the Treasury Department, declined to grant the application until all of the stockholders should give written waivers to any claim upon these collections. The application of the bank has been returned, and the officers are now engaged in securing these waivers, and there is every probability of success and the final reduction of the bank's capital to the figures indicated.

RAISED PENSION CHECK.—The presentation of a raised pension check at the Treasury Department, which it is said had passed the scrutiny of several New York banks and also of banks in this city, suggests some important questions for consideration. First, it is asked, why the United States, in paying out the vast amount it annually does through its pension agents, supplies them with checks printed on the cheapest of white paper, distinguished only by a very faint water mark? All interest checks and other evidences of indebtedness against the Government issued by the United States Treasurer personally are given upon specially prepared paper with a tinted surface, which would promptly disclose the action of any acid. The check presented had been altered by the use of acids in date, amount, and as to the name of the payee; in point of fact, in everything except the lithographic heading and the signature of the pension agent. It was drawn originally for \$2 for a surgeon's examination fee, and was issued in May, 1885. The date was changed to May 31, 1887. The amount was raised from \$2 to \$2,450, and the name of the person to whom it was payable was changed. All the necessary erasures had been made by the use of acids, which could not be employed successfully upon any of the regular Treasury Department checks. The check books issued by the Treasury Department to pension agents afford absolutely no guaranty against forgery. They are printed at the Bureau of Engraving and Printing in bulk, addressed simply to the Treasurer of the United States. There is nothing in the original plate to indicate where the check originated. The name of the pension agency is printed in afterward, and could, as well as not be supplied by a rubber stamp. The timely discovery of the forgery by Mr. W. H. Gibson, the paying teller of the Treasury, saves Treasurer Hyatt and his bondsmen from a responsibility of \$2,448.

CINCINNATI.—A bill has been filed in the U. S. Court by David Armstrong, receiver of the Fidelity Bank, through E. W. Kittredge and W. B. Burnet, against Wm. Woods, of Chatfield & Woods, for recovery on a note for \$13,500. The note was given on the 7th of April last, and became due on August 7. It was in payment for new stock of the Fidelity Bank, which it was proposed to issue to the amount of one million dollars. This is what is known as the unauthorized stock, for the reason that the proceedings connected with the proposed increase of the bank's capital were irregular. It is stated that a good many notes were given to the bank in payment for the new stock, and the purpose of the present proceeding is to test the question of the liability of the makers, who will combine and resist the suit.

EX-GOVERNOR WILLIAM B. WASHBURN, of Greenfield, is one of the most noted men in the banking world, whose death has happened during the last month. Mr. Washburn was born in Winchendon, Mass., on January 31, 1820, and graduated from Yale College in 1844. He was interested in manufactures at the time of his death, and had been president of the Greenfield Bank. He was a member of the State Senate in 1850, and of the lower house in 1854. He was elected a member of Congress in 1862, and was four times re-elected, when he resigned, and was for three terms elected Governor of Massachusetts. In 1874 he was chosen United States Senator to fill the unexpired term of Charles Sumner, but was defeated for re-election.

MUTILATED MONEY.—A bank president in a recent interview with a St. Louis reporter says: I am often asked whether this or that piece of mutilated money is redeemable. It is safe to say, unless the money's identity is entirely gone, that it is redeemable. In fact, one may say that money in the shape of ashes can be restored. It is a fact that after the Chicago fire ashes were redeemed. It came about in this way: It is customary in banks to do money up in packages, say of \$10,000 each, and in the big fire, of course, hundreds and hundreds of these packages were reduced to ashes. But the shape of the package remained, and wherever the package could be sent on to Washington without crumbling the ashes, the money was replaced. It was done by nimble-fingered women in the Treasury Department, whose trained touch and sight are wonderfully acute. It is well known that the ashes of a newspaper, if dampened, will show traces of the printing. So was it with bills. These women would moisten the packages of apparently useless ashes, and to their experienced eye the number and character of the bill would at once appear, as if they had touched it with a magic wand. So thousands and thousands of dollars were redeemed by these patient women. A friend of mine, a country merchant, afraid of banks, placed a large sum of money in bills in a stone jar on a shelf in his store, where he thought it would be quite safe. When he went to look at it one day some time after it was a mass of fragments. Mice had got into the jar and chewed the bills into the minutest parts. They had mixed them all up, and altogether it was a fearful looking mess. He sent a cigar-box full of it to me. I forwarded it to Washington, and what do you think? Out of the \$1,145 originally in the pile a little over \$1,000 was redeemed, the parts beyond recall being only the mere fibers of the bills. So the man lost only \$100 by his foolishness. The reclamation of such money is done entirely by women, whose patience especially fits them for the monotonous work.

Sterling exchange has ranged during October at from 4.83½ @ 4.85½ for bankers' sight, and 4.79½ @ 4.82 for 60 days. Paris—Francs, 5.25 @ 5.21½ for sight, and 5.27½ @ 5.24½ for 60 days. The closing rates of the month were as follows: Bankers' sterling, 60 days, 4.81¾ @ 4.82; bankers' sterling, sight, 4.85 @ 4.85½. Cable transfers, 4.85¼ @ 4.86. Paris—Bankers', 60 days, 5.25 @ 5.24½; sight, 5.22½ @ 5.21½. Antwerp—Commercial, 60 days, 5.27½ @ 5.26½. Reichmarks (4) — bankers', 60 days, 94¼ @ 94½; sight, 95¼ @ 95½. Guilders—bankers', 60 days, 39½ @ 40; sight, 40½ @ 40½.

BOSTON BANK STOCKS AND DIVIDENDS.

The following table, compiled by Joseph G. Martin, Boston, presents the capital of each bank, together with the last two semi-annual dividends, free of all taxes, and the amount payable on Saturday, Oct. 1, also the market value of each stock, *dividend on*, April 1, 1887, and at the present time :

Boston Banks.	Capital.	Dividends.		Amount.	Stock, Divid. on.	
	Oct. 1, 1887.	Ap., '87.	Oct., '87.	Oct. 1, 1887.	Apr. 1, '87.	Sep. 30, '86
Atlantic National	\$ 750,000	3	3	\$ 22,500	138	136
Atlas National	1,500,000	2½	2½	37,500	123	122
Blackstone National	1,500,000	2½	2½	37,500	114	112
Boston National	1,000,000	3	3	30,000	123	123
Boylston National	700,000	3	3	21,000	135	135
Broadway National	200,000	0	0	—	102	102
Bunker Hill National	500,000	5	5	25,000	190	190
Central National	500,000	3	3	15,000	110	130
City National	1,000,000	2	2½	25,000	108	118
Columbian National	1,000,000	3	3	30,000	130	131
Commerce	1,500,000	3	3	45,000	128	128
Commonwealth	500,000	3	3	15,000	125	138
Continental National	1,000,000	3	3	30,000	123	123
Eagle National	1,000,000	2	2	20,000	109	106
Eliot National	1,000,000	3	3	30,000	134	133
Everett National	400,000	2	2	8,000	102	100
Exchange National	1,000,000	2½	3	30,000	128	129
Faneuil Hall National	1,000,000	3	3	30,000	137	140
First National	1,000,000	5	* 8	80,000	215	230
First Ward National	200,000	3	3	6,000	130	130
Fourth National	500,000	2½	2½	12,500	112	112
Freeman's National	800,000	0	0	—	103	100
Globe National	1,000,000	2	2	20,000	99	96
Hamilton National	750,000	2	3	22,500	130	125
Hide & Leather	1,500,000	2½	2½	37,500	116	117
Howard National	1,000,000	2	2½	25,000	117	115
Lincoln National	300,000	2½	2½	7,500	111	111
Manufacturers' National	500,000	2	2	10,000	98	98
Market National	800,000	2	2	16,000	96	94
Massachusetts Nat. par \$250	800,000	2	2	16,000	101	107
Maverick National	400,000	5	5	20,000	230	230
Mechanics' National	250,000	3½	4	10,000	137	144
Merchandise National	500,000	2½	2½	12,500	105	103
Merchants' National	3,000,000	3	3	90,000	143	142
Metropolitan National	300,000	2½	2½	7,500	115	117
Monument National	150,000	6	6	9,000	220	225
Mount Vernon National	200,000	3	3	6,000	141	140
National Market of Brigh	250,000	3½	3½	8,750	140	143
New England National	1,000,000	3	3½	35,000	156	154
North National	1,000,000	3	3	30,000	139	138
North America	1,000,000	2½	2½	25,000	107	106
Old Boston National	900,000	2	2½	22,500	60	60
People's National	300,000	4	4	12,000	160	163
Redemption, National	1,000,000	3	3	30,000	128	128
Republic, National	1,500,000	3	3	45,000	143	141
Revere (National)	1,500,000	3	3	45,000	131	128
Rockland (National)	300,000	4	4	12,000	150	151
Second National	1,600,000	3½	4	64,000	154	154
Security (National)	250,000	* 3	* 3	7,500	190	190
Shawmut National	1,000,000	3	3	30,000	120	127
Shoe & Leather National	1,000,000	2½	2½	25,000	106	105
State National	2,000,000	2½	2½	50,000	122	120
Suffolk National	1,500,000	2½	2½	37,500	112	117
Third National	600,000	2½	2½	15,000	100	101
Traders' National	500,000	2	2	10,000	96	96
Tremont National	2,000,000	2	2½	50,000	104	103
Union (National)	1,000,000	3	3	30,000	144	145
Washington National	750,000	2½	3	22,500	125	129
Webster (National)	1,500,000	2	2½	37,500	107	105
Total Oct. 1, 1887	\$ 52,450,000			\$ 1,533,750		
April, 1887	52,450,000			1,411,250		
Oct., 1886	52,450,000			1,421,750		
April, 1886	52,450,000			1,410,000		

‡ Quarterly. *First National, 5 per cent. regular, 8 extra.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from October No., page 319.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
CAL....	Los Angeles... \$150,000	California Bank..... H. G. Newhall, <i>Pr.</i> M. L. Wicks, <i>V. Pr.</i>	T. J. Weldon, <i>Cas.</i> H. C. Witmer, <i>M'gr.</i>
"	Santa Barbara..	Commercial Bank..... John H. Redington, <i>Pr.</i> E. B. Hall, <i>V. Pr.</i>	Winfield B. Metcalf, <i>Cas.</i>
COL...	Cheyenne, Wells \$10,000	Russell Bro's B'k..... H. W. L. Russell, <i>Pr.</i>	Calvin P. Russell, <i>Cas.</i> C. C. Russell, <i>Asst. Cas.</i>
DAK....	Faulkton.....	Security Bank.....	Gilman Son & Co. Chas. A. Morse, <i>Cas.</i>
"	Ipswich.....	Mortgage B'k & Inv't Co E. Ashley Mears, <i>Pr.</i> Edmund Kimball, <i>V. Pr.</i>	William B. Mears, <i>Cas.</i> T. C. Mears, <i>Asst. Cas.</i>
"	Lake Preston..	Farmers Bank..... Augustus N. Eddy, <i>Pr.</i>	Chas. E. Murison, <i>Cas.</i>
"	Miller.....	Farmers & Merch's. B'k. C. H. Morrill, <i>Pr.</i> F. W. Hunter, <i>V. Pr.</i>	Chemical National Bank. Fred. S. Morrill, <i>Cas.</i> C. A. Morrill, <i>Asst. Cas.</i>
"	Orient.....	Bank of Orient..... L. M. Sprowls, <i>Pr.</i> J. C. Campbell, <i>V. Pr.</i>	United States National Bank. Geo. F. Cromer, <i>Cas.</i>
FLA....	Orlando..... \$50,000	Citizens National Bank.. Leph O. Garrett, <i>Pr.</i> Henry S. Kedney, <i>V. Pr.</i>	Merchants National Bank. Hardy G. Garrett, <i>Cas.</i>
"	Titusville..	Indian River Bank..... James Pritchard, <i>Pr.</i>	Seaboard National Bank. Wm. M. Brown, <i>Cas.</i>
GA....	Dawson..... \$51,200	First State Bank..... John B. Perry, <i>Pr.</i>	Hanover National Bank. John R. Mercer, <i>Cas.</i> J. F. Lark, <i>Asst. Cas.</i>
IDAHO..	Wallace..... \$25,000	Agency Bank of Murray. Chas. L. Dahler, <i>Pr.</i>	Kountze Bros. Chas. M. Hall, <i>Cas.</i>
ILL....	Forreston.....	H. Dovenberger & Co...	Kountze Bros.
IOWA...	Clarion..... \$50,000	First National Bank..... G. S. Ringland, <i>Pr.</i>	N. F. Weber, <i>Cas.</i>
"	Holstein..... \$25,000	Holstein Savings Bank.. James W. Reed, <i>Pr.</i> H. J. Rhode, <i>V. P.</i>	C. B. Richard & Co. Chas. J. Wohlenberg, <i>Cas.</i>
"	Ute.....	First Ute Bank.....	Kountze Bros.
KAN....	Arlington..... \$25,000	Citizens Bank..... F. B. Babbitt, <i>Pr.</i>	Hanover National Bank. W. R. Compton, <i>Cas.</i>
"	Beloit..... \$65,000	Beloit State Bank..... Henry Casey, <i>Pr.</i> Wm. C. Ingram, <i>V. Pr.</i>	United States National Bank. W. S. Search, <i>Cas.</i>
"	Burdette.....	Bank of Burdette.....	Bank of North America. Wm. I. Taggart, <i>Cas.</i>
"	Caldwell..... \$100,000	Citizens Bank..... A. M. Coulson, <i>Pr.</i> F. C. Brown, <i>V. P.</i>	Latham, Alexander & Co. Edmond T. Battin, <i>Cas.</i>
"	Columbus..... \$60,000	Cherokee County Bank.. Thos. P. La Rue, <i>Pr.</i>	Chase National Bank. Geo. W. Brock, <i>Cas.</i>
"	Horton.....	First National Bank..... Scott Hopkins, <i>Pr.</i> Alex. Dunn, Jr., <i>V. P.</i>	Importers & Traders Nat. Bank. Frank M. Wilson, <i>Cas.</i>
"	Howard..... \$50,000	Howard National Bank. G. W. McKey, <i>Pr.</i>	Chase National Bank. A. F. Eby, <i>Cas.</i>
"	Lucas..... \$5,000	Bank of Lucas..... G. H. Skinner, <i>Pr.</i>	N. Barber, <i>Asst. Cas.</i> Hanover National Bank. David D. Deaver, <i>Cas.</i>
"	McPherson..... \$100,000	McPherson Nat. Bank.. Eli P. Williams, <i>Pr.</i>	W. H. Cottingham, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
KAN...	Meade Center ..	Citizens National Bank...	Chase National Bank.
	\$25,000	Geo. C. Strong, <i>Pr.</i>	W. Coleman Rogers, <i>Cas.</i>
		W. H. Young, <i>V. Pr.</i>	
" ..	Paola.....	National Bank of Paola.....	
	\$100,000	E. Gilmore, <i>Pr.</i>	L. C. Gilmore, <i>Cas.</i>
		H. T. Potts, <i>V. Pr.</i>	T. P. Evans, <i>Asst. Cas.</i>
ME	Ellsworth.....	Burrill National Bank.....	
	\$50,000	Chas. C. Burrill, <i>Pr.</i>	James E. Parsons, <i>Cas.</i>
MICH...	Hillsdale	First State Bank	Importers & Traders Nat. Bank.
	\$50,000	Jas. S. Galloway, <i>Pr.</i>	James K. Fisher, <i>Cas.</i>
		John W. Falley, <i>V. Pr.</i>	M. D. Crane, <i>Asst. Cas.</i>
MO.....	Linwood.....	Farmers & Merchants Bk.	Chemical National Bank.
	\$12,500	Henry W. Nieman, <i>Pr.</i>	Geo. F. Smith, <i>Cas.</i>
		C. Cusack, <i>V. P.</i>	
" ..	Seneca.....	Bank of Seneca.....	National Bank of Commerce.
	\$16,000	J. G. McGannon, <i>Pr.</i>	Edwin E. Crebs, <i>Cas.</i>
		D. H. Nichols, <i>V. P.</i>	
MONT ..	Helena.....	Thos. Cruse Savings B'k.	Wells, Fargo & Co.
	\$100,000	Thos. Cruse, <i>Pr.</i>	Chas. L. Dahler, <i>Treas.</i>
		T. H. Carter, <i>1st V. P.</i>	E. J. Carter, <i>Sec.</i>
		Jno. B. Wilson, <i>2d V. P.</i>	
NEB....	David City.....	Central Neb. Nat. Bank.	American Exchange Nat'l Bank.
	\$50,000	Wm. M. Bunting, <i>Pr.</i>	M. Gould, <i>Cas.</i>
		Geo. R. Colton, <i>V. Pr.</i>	
" ..	Grant.....	Commercial State Bank.	National Park Bank.
	\$50,000	E. B. Woods, <i>Pr.</i>	C. G. Woods, <i>Cas.</i>
		J. F. McConaughy, <i>V. P.</i>	
" ..	Hemingford...	Bank of Hemingford. ..	Chemical National Bank.
	\$20,000	Job Hathaway, <i>Pr.</i>	H. B. Austin, <i>Cas.</i>
" ..	Kimball.....	Farmers & Merchants Bk.	Chemical National Bank.
		A. H. Amos, <i>Pr.</i>	Francis L. Gibbs, <i>Cas.</i>
" ..	Sargent.....	Farmers & Merchants Bk.	Hanover National Bank.
	\$25,000	A. P. Culley, <i>Pr.</i>	Chas. Nicolai, <i>Cas.</i>
		A. E. Charlton, <i>V. P.</i>	
N. Y...	Albany.....	M. V. B. Bull & Co.....	Third National Bank.
			Frank H. Fellows, <i>Cas.</i>
" ..	Chateaugay....	Bank of Chateaugay....	Bank of America.
	\$25,000	Eli B. Smith, <i>Pr.</i>	Geo. Hawkins, <i>Cas.</i>
		Levi Peake, <i>V. Pr.</i>	
" ..	Clayton.....	First National Bank.....	
	\$50,000	Alden F. Barker, <i>Pr.</i>	Horace W. Morse, <i>Cas.</i>
		Wm. Rees, <i>V. Pr.</i>	A. A. Warner, <i>Asst. Cas.</i>
" ..	Dansville	Citizens Bank.....	Importers' & Traders' Nat'l B'k.
	\$50,000	Geo. A. Sweet, <i>Pr.</i>	Frank Fielder, <i>Cas.</i>
		J. W. Wadsworth, <i>V. P.</i>	
" ..	Hempstead.....	Hempstead Bank.....	Chase National Bank.
	\$30,000	Martin V. Wood, <i>Pr.</i>	Carroll F. Norton, <i>Cas.</i>
		Edward Cooper, <i>V. Pr.</i>	
" ..	Newark.....	Vary & Sleight.....	First National Bank.
" ..	Painted Post ..	Bronson National Bank.	Merchants' Exchange Nat'l B'k.
	\$50,000	Wm. C. Bronson, <i>Pr.</i>	Frank E. Bronson, <i>Cas.</i>
		Abijah Weston, <i>V. Pr.</i>	W. M. Edwards, <i>Asst. Cas.</i>
OHIO...	Canal Fulton...	Exchange Bank.....	National Park Bank.
		(E. R. Held)	
ORE....	Joseph.....	First Bank of Joseph. ..	
	\$25,000	Frank D. McCully, <i>Pr.</i>	Wm. A. Leslie, <i>Cas.</i>
		Thos. Roupe, <i>V. Pr.</i>	
S. C....	Laurens.....	Peoples Loan & Exch. Bk.	Fourth National Bank.
	\$55,000	Albert Dial, <i>Pr.</i>	Joseph H. Sullivan, <i>Cas.</i>
			J. W. Toid, <i>Asst. Cas.</i>
TENN ..	Dresden.....	Weakley County Bank...	Latham, Alexander & Co.
	\$25,000	C. W. Cottrell, <i>Pr.</i>	John McGlothlin, <i>Cas.</i>
		W. J. Burnett, <i>V. Pr.</i>	
" ..	Memphis.....	State Savings Bank.....	Mechanics' National Bank.
	\$50,000	Colton Greene, <i>Pr.</i>	Joseph D. Montedonico, <i>Cas.</i>
		John K. Speed, <i>V. Pr.</i>	

<i>State, Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
TENN.. Nashville.....	Bank of Commerce.....	Hanover National Bank.
	J. N. Brooks, <i>Pr.</i> Chas. B. Duncan, <i>Cas.</i>	
TEXAS.. Bowie.....	Bowie Collecting Agency.	
	E. W. Russey, <i>M'gr.</i>	
W. T... Dayton.....	National Bank of Dayton	
	\$50,000 W. Breyman, <i>Pr.</i> J. W. Jessee, <i>Cas.</i>	
	Eugene Breyman, <i>V. Pr.</i>	
Wis... New Richmond.	Manufacturers' Bank....	National Park Bank.
	\$50,000 John E. Glover, <i>Pr.</i> P. C. Maxson, <i>Cas.</i>	
	R. A. Guy, <i>V. Pr.</i>	
ONT... Madoc.....	Traders' Bank of Canada.	American Exchange Nat'l B'k.
	J. H. McClellan, <i>M'gr.</i>	

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from October No., page 320.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY. Fulton National Bank....	Chas. H. Rollinson, <i>Cas.</i>	R. M. Buchanan.*
CAL.... The Nevada Bank of	James G. Fair, <i>Pr.</i>	J. C. Flood.
	San Francisco. {	John F. Bigelow, <i>V. Pr.</i> Geo. L. Brander.
CONN.. Saybrook Bank, Essex.....	Edwin Ayres, <i>Pr.</i>	Samuel C. Ely.
" .. Hartford Trust Co.,	R. W. Cutler, <i>Pr.</i>	Henry Kellogg.
	Hartford. {	Frank C. Sumner, <i>Tr.</i> R. W. Cutler.
DEL.... New Castle Co. Nat. B'k, Odessa	John C. Corbit, <i>Pr.</i>	Chas. Tatman.*
FLA.... First Nat. Bank, Jacksonville	Bryan Taliaferro, <i>A. Cas.</i>	R. C. Cooley.
ILL... Park National Bank,	Chicago. {	J. N. Witherell, <i>1st V. P.</i> L. McWilliams.
		M. T. Roberts, <i>2d V. P.</i> L. C. Wachsmuth.
		J. H. McGay, <i>Act'g C.</i> John J. Akin, <i>Cas.</i>
IOWA... Citizens' Bank, Cambridge....	H. N. Silliman, <i>Cas.</i>	M. M. Keller.
" .. Citizens Savings Bank,	C. W. Burdick, <i>Pr.</i>	Geo. Phelps.
	Decorah. {	E. J. Curtin, <i>Cas.</i> C. W. Burdick.
" .. Farmers' Nat. B'k, Webster City	Aug. F. Hoffmann, <i>Cas.</i>	W. P. Miller, <i>Act'g.</i>
KAN.... First National Bank,	H. B. Woodbury, <i>V. Pr.</i>	H. P. Churchill.
	Cawker City. {	W. A. Remfry, <i>Cas.</i> O. F. Page.
" .. Bank of Garnett, Garnett.....	C. Worden, <i>Pr.</i>	Frank G. Barber.
" .. First National Bank,	Greenleaf. {	J. W. Beach, <i>Pr.</i> W. W. Hetheringt'n
		A. A. Young, <i>V. Pr.</i> F. Everest.
		E. Nims, <i>Cas.</i> J. W. Beach.
" .. Wilson Co. Bank, Fredonia...	Isaac Hudson, <i>Pr.</i>	Joshua Hill.
" .. Havensville Bank, Havensville.	Ira Eddy, <i>Cas.</i>	F. M. Wilson.
" .. First Nat'l Bank,	Marion. {	Wm. H. Dudley, <i>Pr.</i> R. M. Crane.
		E. M. Donaldson, <i>Cas.</i> Wm. H. Dudley.
" .. First National Bank, Scandia...	W. H. Laney, <i>Cas.</i>	Wm. H. Glaskin.
" .. State Bank, St. John.....	A. M. Gloyd, <i>Cas.</i>	Wm. R. Hoole.
" .. Strong City N. B'k, Strong City.	Charles J. Lantry, <i>V. Pr.</i>	D. B. Berry.
KY.... N. Middletown Deposit B., N M.	John I. Fisher, <i>Cas.</i>	W. W. Hedges.
" .. First Nat'l Bank, Princeton....	R. H. Gayle, <i>Cas.</i>	G. E. Hamilton.
" .. Bank of Woodford, Versailles.	Geo. W. McLeod, <i>Pr.</i>	Robt. McConnell.*
" .. Clark Co. N. B'k, Winchester.	B. F. Curtis, <i>Cas.</i>	M. G. Taylor.*
MD.... Frederick County Nat'l Bank, {	W. Irving Parsons, <i>Pr.</i>	John H. Williams.
	Frederick. {	G. H. Zimmerman, <i>As. C.</i>
MASS.. Columbian Nat'l Bank, Boston.	L. W. Burlen, <i>Cas.</i>	J. M. Gordon.
" .. Nat'l B'k of N. America, Boston.	W. F. Paul, <i>Act'g Cas.</i>	
" .. Fairhaven In. for Sav. Fairha'n,	C. H. Morton, <i>Treas.</i>	
" .. First Nat'l Bank, Northampton,	A. L. Williston, <i>Pr.</i>	H. F. Williams.*
" .. Oxford National Bank, Oxford,	C. B. Sherman, <i>Cas.</i>	Eben Harrington.
MICH... Farmers' Bank, Brooklyn.....	C. W. King, <i>Cas.</i>	S. L. King.
" .. Citizens' National Bank,	Niles. {	J. B. Millard, <i>Pr.</i> Francis M. Gray.
		E. F. Woodcock, <i>V. Pr.</i> G. W. Platt.
MINN... First National Bank,	Luverne. {	S. W. Thompson, <i>V. Pr.</i> E. D. Hadley.
		C. C. Thompson, <i>Ass't C.</i> C. C. Brown.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
MINN...	Third National Bank, Sedalia.	John N. Dalby, <i>Pr.</i>	Albert Parker.
"	Peoples' Bank, St. Paul.	A. P. Morey, <i>V. Pr.</i>	John N. Dalby.
MO.....	Frankford Ex. B'k, Frankford.	C. E. Rittenhouser, <i>Pr.</i>	Dennis Ryan.
NEB....	First National Bank, Holdrege.	J. G. McCune, <i>Cas.</i>	E. T. Penn.
"	First National B'k, Red Cloud.	R. T. McGrew, <i>Pr.</i>	A. L. Clarke.
N. H....	Cocheco Nat'l Bank, Dover.	James N. Clarke, <i>Cas.</i> ...	R. T. McGrew.
N. Y....	First National Bank, Corning.	Henry Clarke, <i>V. Pr.</i>....	....
"	B'k of East Aurora, E. Aurora.	M. S. Hanscom, <i>Pr.</i>	O. W. Bump.
"	People's Nat'l B'k, Greenport.	C. M. Hyde, <i>Ass't Cas.</i> ...	J. A. Drake.
"	Citizens' N. B'k, Hornellsville.	H. W. Richardson, <i>Pr.</i> ...	Stephen C. Clarke.
PENN...	Union Trust Co., Philadelphia.	E. O. Corwin, <i>Cas.</i>	C. F. Norton.
"	Western National Bank, Philadelphia.	Chas. Cadogan, <i>Pr.</i>	Chas. Hartshorn.*
"	Allegheny National Bank, Pittsburgh.	J. Simpson Africa, <i>Pr.</i> ...	James Long.
"	Iron City Nat'l B'k, Pittsburgh.	C. N. Weygandt, <i>Pr.</i>	Joseph Patterson.*
S. C....	Charleston Sav. Ins., Charleston.	John C. Garland, <i>Cas.</i> ...	C. N. Weygandt.*
TENN...	Bank of Henry, Dresden.	F. C. Hutchinson, <i>Cas.</i> ...	Geo. A. Cook.*
UTAH...	Union National Bank, Salt Lake City.	W. Montgomery, <i>As. Cas.</i>.....	....
VT.	Granite Sav. Bk. & Trust Co., Barre.	Oliver Lemon, <i>Cas.</i>	Geo. R. Duncan.*
"	First National Bank, Orwell.	Joseph W. Bock, <i>Cas.</i>	Wm. Geo. Gibbs.*
VA....	Mt. Jackson N. B'k, M. Jackson.	R. N. Irvine, <i>Ass't Cas.</i> ...	John McGlothlin.
W. T....	First National Bank, Pomeroy.	M. J. Cheesman, <i>Cas.</i>	Benj. G. Raybould
Wis...	Citizens' N. Bank, Darlington.	L. H. Farnsworth, <i>As. C.</i>.....	....
N. B....	B'k of Nova Scotia, Campbelltn.	H. W. Blodgett, <i>Tr.</i>	C. B. Martin.
ONT....	Bank of Nova Scotia, St. John.	C. E. Bush, <i>V. Pr.</i>	T. A. Hammond.
	Ontario B'k, Mount Forest.	J. S. Wilcox, <i>Cas.</i>	C. E. Bush.
		W. E. Knee, <i>Cas.</i>	J. Fred S. Good.
		Walter F. Burrill, <i>Pr.</i>	D. P. Thompson.
		Geo. F. West, <i>Cas.</i>	Hugh J. Gallagher
		F. W. Daniel, <i>Act. Ag't.</i>	W. E. Stavert.
		Geo. Sanderson, <i>Ag't.</i>	J. M. Robinson.
		A. E. Ames, <i>Mgr.</i>	A. J. McDonell.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from October No., page 320.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3794	Howard National Bank..... Howard, Kan.	G. W. McKey,	A. F. Eby,	\$50,000
3795	National Bank of Paola..... Paola, Kan.	E. Gilmore,	L. C. Gilmore,	100,000
3796	First National Bank..... Clarion, Iowa.	G. S. Ringland,	Ed. Hartsock,	50,000
3797	First National Bank..... Clayton, N. Y.	Alden F. Barker,	Horace W. Morse,	50,000
3798	First National Bank..... Sanford, Fla.	Frederick H. Rand,	F. P. Forster,	50,000
3799	National Bank of Dayton..... Dayton, Wash.	W. Breyman,	J. W. Jessee,	50,000
3800	Bronson National Bank..... Painted Post, N. Y.	William C. Bronson,	Frank E. Bronson,	50,000
3801	Central Nebraska National B'k... David City, Neb.	William M. Bunting,	M. Gould,	50,000
3802	Citizens' National Bank..... Orland, Fla.	Leph O. Garrett,	Hardy G. Garrett,	50,000
3803	McPherson National Bank..... McPherson, Kan.	Eli P. Williams,	W. H. Cottingham,	100,000
3804	Burrill National Bank..... Ellsworth, Me.	Charles C. Burrill,	James E. Parsons,	50,000
3805	First National Bank..... Jetmore, Kan.	C. F. M. Niles,	J. P. Atkin,	50,000

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from October No., page 321.)

CAL....	Santa Barbara.	Santa Barbara Savings Bank, now Commercial Bank, same officers.
CONN..	Stafford Sp'gs..	Stafford National Bank has been placed in the hands of a receiver.
DAK....	Ipswich.....	Mortgage Bank, succeeded by Mortgage Bank and Investment Co.
GA.....	Dawson.....	J. R. Mercer & Co., now First State Bank.
ILL....	Troy.....	Troy Exchange Bank (Jarvis & Padon), now W. W. Jarvis, proprietor.
IOWA..	Cambridge....	Citizens' Bank (Gallup & Keller), now W. H. Gallup, proprietor.
• ..	Clarion.....	Wright County Bank, succeeded by First National Bank.
• ..	Holstein.....	Holstein Bank, now Holstein Savings Bank, chartered.
KAN..	Columbus.....	Bank of Columbus, bought out by Cherokee County Bank.
• ..	Greensburg...	Miller & Ryon have discontinued.
• ..	Howard.....	Elk County State Bank, now Howard National Bank.
• ..	Jetmore.....	Hodgeman County Bank, now First National Bank, same officers.
• ..	McPherson....	McPherson Bank (Williams & Cottingham), now First Nat. Bank.
• ..	Paola.	Bank of Paola, now National Bank of Paola.
ME.....	Ellsworth.....	Charles C. Burrill, now Burrill National Bank.
MASS...	Boston	Cordley, Young & Fuller, now Cordley & Co.
MICH ..	Hillsdale ..	Exchange Bank (J. K. Fisher), now First State Bank.
• ..	Mecosta.	Exchange Bank (Gilbert & Wixson), now Wixson & Carpenter, proprietors.
MINN...	St. Paul.....	Third National Bank, reported in voluntary liquidation.
• ..	Wells.....	The Wells Bank (Watson & Myers), now W. F. Myers, proprietor.
NEB....	Nelson.....	Nelson State Bank is closing up its business with the intention of removing to Holyoke, Col.
• ..	Pender.....	Bank of Pender (Dury & Peebles), now W. E. Drury, proprietor.
N. H. .	Milford	Milford Five Cent Savings Institution, now Milford Savings Bank.
N. Y....	Clayton.	Citizens' Bank, now First Nat. Bank, same correspondents.
• ..	Dansville.....	First National Bank, succeeded by Citizens Bank.
• ..	Painted Post..	William C. Bronson's Bank, now Bronson National Bank.
• ..	Troy.....	Ogden, Calder & Co., is reported failed.
PENN...	West Chester..	Thomas W. Marshall, now Thomas W. Marshall & Co.
Wis....	Medford.....	Exchange Bank, reported assigned.
WYO...	Cheyenne.....	Morton E. Post & Co. is reported failed.
ONT....	Ailsa Craig....	Mihell & Co., now Owen & Co.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS :	Oct. 3.	Oct. 10.	Oct. 17.	Oct. 24.	Oct. 31.
Discounts.....	7 @8 ..	6½ @8 ..	7 @9 ..	7 @9 ..	6½ @7½
Call Loans.....	6 @5 ..	5 @3½ ..	5 @2½ ..	4 @3 ..	5 @3½
Treasury balances, coin....	\$132,488,691.	\$132,387,877.	\$132,132,208.	\$132,062,627.	132,230,160
Do. do. currency ..	12,682,588.	12,781,733.	12,381,988.	12,092,299.	11,897,686

The reports of the New York Clearing-house returns compare as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Oct. 1..	\$344,795,400	\$75,144,800	\$20,328,100	\$345,826,000	\$8,205,100	\$9,017,100
" 8..	348,188,700	74,974,500	20,731,800	350,374,200	8,189,400	1,112,750
" 15..	351,842,700	74,559,500	21,514,500	355,255,200	8,201,700	7,260,200
" 22..	351,032,800	76,822,700	21,788,000	356,989,900	8,218,800	9,363,225
" 29..	350,196,300	78,816,600	22,612,200	357,866,500	8,117,700	11,962,175

The Boston bank statement is as follows:

1887.	Loans.	Specie.	Legal Tenders	Deposits.	Circulation.
Oct. 1.....	\$136,898,900	\$10,187,800	\$2,682,100	\$101,826,900	\$8,667,500
" 8.....	137,091,500	9,745,000	2,652,200	103,650,800	8,753,000
" 15.....	138,318,600	9,649,300	2,575,500	106,235,000	8,614,300
" 22.....	138,337,200	9,489,600	2,803,900	107,369,100	8,342,900
" 29.....	138,163,509	8,812,600	3,099,600	104,727,400	8,411,500

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1887.	Loans	Reserves.	Deposits.	Circulation.
Oct. 1.....	\$87,193,800	\$24,366,900	\$86,583,960	\$2,280,650
" 8.....	87,346,600	24,046,800	85,974,000	2,287,750
" 15.....	87,829,300	23,298,800	86,859,000	2,283,250
" 22.....	87,401,400	23,362,500	86,430,600	2,303,750
" 29.....	87,054,300	23,562,700	86,087,900	2,311,250

OBITUARY.

CHARLES TATMAN, late president New Castle County National Bank of Odessa, Del., died on Friday, Oct. 21, in the ninety-sixth year of his age. He was born May 5, 1792, and was certainly a remarkable old gentleman. His mental faculties were clear and bright up to the commencement of his last illness. He was taken sick on Wednesday morning, October 19, and passed away on Friday. He held the office of president of the bank ever since its organization as State bank in 1853. The bank was changed to a national bank in 1865, and he was the only president it ever had. During the last few years of his life, owing to a weakness, he did not go about much out of doors, and he was relieved of part of his duties in the bank by the vice-president, John C. Corbit, who was elected his successor. Mr. Tatman was a resident of this town since the year 1816, till the day of his death.

THOMAS A. HARRISON, president of the Security Bank, one of the most useful and respected citizens of Minneapolis, and one of the best known and most substantial business men of the Northwest, died October 27, in his seventy-sixth year. It is men like Mr. Harrison who have made Minneapolis what it is - a marvel of business development and a city of rare reputation for culture and intelligence. When he came to Minneapolis in the summer of 1860, it was a village of five or six thousand people. He became largely interested in the banking business, the manufacture of lumber, the construction of some of the best of the early business buildings of the town, the organization and development of the railroad system of Minnesota, the foundation of our jobbing trade, and, in fact, nearly all the great lines of business enterprise which have in a little more than a quarter century transformed the village of 1860 into the expanding city of to-day with its nearly two hundred thousand people. Minneapolis has not grown of its own accord. Its expansion is due to the efforts of a group of men who had foresight, the spirit of co-operation, and a largeness of business faith and enterprise that is not often seen. The city of to-day is the monument of that group of men, of whom Thomas A. Harrison was one. Mr. Harrison was an unostentatious man, always kindly and approachable, devoted to business, and of scrupulous honor and fidelity. His name in Minneapolis was a synonym for conservatism and prudence in financial matters, and his record and position as a prominent banker contributed to the credit and financial standing of the city. The Security Bank is one of the most important banking institutions in the Northwest, and Mr. Harrison, through an old age of unusual business activity, has been devoted to its affairs. His death removes a citizen deservedly honored by all.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, OCTOBER, 1887.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in October.						RAILROAD STOCKS.				MISCELLANEOUS.				
GOVERNMENTS.		Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.								
10 ¹ / ₂ %, 1891... reg.		Mar.	108 ¹ / ₂	108 ¹ / ₂	108	108 ¹ / ₂					Norfolk & Western..... pref.			
4 ¹ / ₂ %, 1891... coup.		Mar.	108 ¹ / ₂	108 ¹ / ₂	108	108 ¹ / ₂					Do..... pref.			
10 ¹ / ₂ %, 1891... reg.		Jan.	124	126 ¹ / ₂	124	126 ¹ / ₂					Ohio & Mississippi..... 21			
4 ¹ / ₂ %, 1891... coup.		Jan.	124	126 ¹ / ₂	124	126 ¹ / ₂					Do..... 21			
10 ¹ / ₂ %, 1891... reg.		Feb.	124	126 ¹ / ₂	124	126 ¹ / ₂					Ohio Southern..... 13			
4 ¹ / ₂ %, 1891... coup.		Feb.	124	126 ¹ / ₂	124	126 ¹ / ₂					Do..... 13			
10 ¹ / ₂ %, 1891... reg.		Jan.	124	126 ¹ / ₂	124	126 ¹ / ₂					Oregon Imp..... 41			
4 ¹ / ₂ %, 1891... coup.		Jan.	124	126 ¹ / ₂	124	126 ¹ / ₂					Do..... 41			
10 ¹ / ₂ %, 1891... reg.		July.	128	128	127	127					Oregon R. & N..... 92			
4 ¹ / ₂ %, 1891... coup.		July.	130	130	129	129					Do..... 92			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Oregon Short Line..... 15			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 15			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Oregon & Trans-Con..... 22			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 22			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Pacific Mail..... 40			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 40			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Peoria, Decatur & Evansville..... 23			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 23			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Philadelphia & Reading..... 61			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 61			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Pullman Palace Car Co..... 152			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 152			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Richmond & Allegheny..... 2			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 2			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Rich. & W. P. Term..... 27			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 27			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Rome, W. & Ogd..... 81			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 81			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					St. Louis, A. & T. H..... 33			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 33			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					St. Louis & San Francisco..... 38			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 38			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Do..... 77			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 77			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					St. Paul & Duluth..... 67			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 67			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					St. Paul, M. & M..... 106			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 106			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Southern Pacific Co..... 27			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 27			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Tenn. Coal & Iron..... 26			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 26			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Texas & Pacific..... 54			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 54			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Union Pacific..... 19			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 19			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Virginia Midland..... 33			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 33			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Wabash, St. Louis & Pacific..... 147			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 147			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					MISCELLANEOUS—			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Express—Adams..... 109			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					American..... 70			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 130			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					United States..... 76			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 76			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Wells-Fargo..... 141			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 141			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Western Union..... 73			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 73			
10 ¹ / ₂ %, 1891... reg.		1st pref.	124	124	123	123					Silver Bullion Cert..... 25			
4 ¹ / ₂ %, 1891... coup.		1st pref.	124	124	123	123					Do..... 25			

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The past month, as indicated in our last, has been one of improvement, not only in legitimate business, which had been good the previous month, but also in the speculative markets, which had been severely depressed. The produce markets have nearly all recovered, and the stock market, though still unsettled, has experienced a sharp recovery from the depth of the depression. The money stringency, which we characterized last month as a speculator's and money lender's bugbear, has almost disappeared out of sight and sound, notwithstanding the prospects of a month ago, that gold imports would soon fall off, if not cease altogether. These seem probable, although they have kept well up nearly through the month. This could not well be otherwise with our imports so largely in excess of last year, while our exports were so much behind, even with continued buying of our railroad securities by London and the Continent. This has partially fallen off, and has even been succeeded by some selling on the heavy drops in our market, yet after each there has been free buying again for foreign account, which has about equalized European selling. Commercial bills have for the greater part of the month been scarce, as few, except against cotton, corn and flour, have been offering. The rate of sterling exchange has not advanced because the demand from importers for remittances has not been large until the latter part of the month, when they took more and stiffened the market. The prospects of our export trade are rather better than worse for the coming month, and it is not likely that rates will go more than enough higher to stop gold imports. The packing season for hog and beef products begins with November, and with that more free shipments of provisions, while the heavy demand for our flour for European markets has been such that our large flour millers at the East and West are generally sold ahead for export all they can produce nearly to and in some cases into the new year, to which time their contracts with the railroads, at cut rates of freight, made during the Trunk Line railroad war in September, in many cases extend. This fact insures heavier exports of flour for three months to come than for three months past, during which they have been steadily increasing, until we are making up in the excess of these exports nearly what we are losing on the exports of wheat; meantime, the short feed crops of Europe, as before noted in this article, are causing much heavier and earlier exports of corn hence than usual, and very much larger than a year ago, which, with the large increase in the exports of flour, will make the total of breadstuffs near those of a year ago, with the prospect that Europe will require to take our wheat much more freely before the new year, if not before November is ended. The exports of cotton, however, have been so free thus far this crop year that they are liable to slacken after the new year, if not before. The position and prospects of the different export markets, as affecting sterling exchange, the imports of gold and the money market, are therefore seen to about offset and equalize each other, with a tendency to an increased, rather than decreased, total. This would seem to warrant the expectation that the money market will continue to work easy until the first of January

settlements require the calling in of loans. But as disbursements soon follow, there seems to be no reason for apprehension of any immediate trouble from the money market. The tendency of our imports is also towards a decrease as that of our exports is to increase, as they have been smaller during the past month than since January last, although they have been the largest during the past year since 1882, or just before the last depression set in; at the same time the exports of gold were also the smallest during October of this year, and for the past year the smallest since 1882. On the other hand, the imports of gold for the month ending October 23 were the largest on record, or over \$14,000,000, against \$12,000,000, the largest previous total in December of 1886, while for the past year the imports have been double any equal period in our history. It is also remarkable that with these heavy imports of goods less remain in warehouses than for six years past, with one exception only.

Railway earnings have not only held up, but have increased the past month, in spite of the croakers of the stock and money market, that they would show a greater falling off than in September. This, and the end of the telegraph war, in the absorption of the Baltimore and Ohio Company by the Western Union, and the passing of the control of the B. & O. Railroad out of the hands of Mr. Garrett into those of a syndicate friendly to its old rival, the Pennsylvania Company, caused a reaction in the stock market which has been sharp and spasmodic, with the tendency, apparently, towards a further and permanent improvement on an easy money market with increased earnings. Indeed, it is now believed that strong parties have been steadily absorbing stocks all the fall. That this is where the \$15,000,000 raised by Gould last summer in cash by the sale of bonds has mostly gone, and that now he is as ready to let stocks go up, since he has captured his rival telegraph company, and dethroned his old enemy, who was at the head of the once powerful B. & O. system of corporations, as he has been all the summer and fall for them to go down.

It will be remembered that it was the ever-impending, but never-ending B. & O. deal that started stocks on the down track last spring, and that it hung like an incubus over the market for months, when it was popularly believed to be the only obstacle in the way to a recovery in prices. It was then generally anticipated, also, that whenever it should be completed, it would act like a Bull lever on the market to lift prices, as the completion of the Reading reorganization scheme did a little over a year ago, and as the West Shore deal did in June two years before. But since then we have had the money scare and talk of reaction until people have lost their early autumn and last summer bearings, and are adrift again as to values. They have taken counsel of their fears instead of their judgments, and have allowed an undefined dread of something they could neither understand nor explain, to take possession of their minds and to influence their action in business.

The appearances are, that this incipient panic of the past two months is passing away under the light of facts, and that people are regaining their faith. This is all that is needed to hold the stock market steady upon a basis of values warranted by the earnings of roads as an investment. It matters not what quotations for dividend-earning stocks are, so long as they

are paid for and earning dividends that pay a handsome interest, as a rule, upon the current level of prices. The produce markets have also turned up the past month in most cases, and have grown wider and more active on a larger and more active interest in those staples of speculation and commerce in which there has been a growing confidence, as marked, if not more so, than in stocks. The basis for this is even more apparent and unquestioned, as well as permanent, than that for stocks. The latter were forced too high last year, while these commercial markets were forced too low by the late over-production and speculative depression in the markets of the world, and finally by the collapse and ruin of the Bull cliques, which undertook to manipulate these markets before the surplus production of the previous four years had been worked into consumption.

This has now been accomplished, while the liquidation following these widespread disasters has been pretty nearly if not quite overcome. During this, prices were forced as much too low for the statistical position of these markets as they had been put too high by the cliques, before the country was ripe for an advance and Bull markets. Now these markets, so soon as relieved of the incubus of last spring's and summer's ruin, are advancing of their own accord without the aid of cliques and in face of the old Bear attacks, which have nearly spent their force, although so long potent, in these markets, as they have lately been in stocks.

Never were there such a series of Bull failures at so low prices as during the last year, simply because of the momentum of the Bear markets of the previous four years. Hence, when the pressure was removed, the markets were on too low a level to be natural, and it was only a question of time when they would react. This year's crops were not large, yet none of them were a failure. But they were short of an average generally, which of itself was an additional Bull argument in produce, as it was a Bear one in railway securities. Yet the belief in the old saying that a short crop bulled from the beginning of the crop year will prove a long one at the other end, and the weakness of the Bulls, who were so crippled last summer, has prevented the anticipation by speculators of the higher prices generally, that are confidently expected by both Bulls and Bears during the last half of the crop year. In truth, there are no genuine Bears in produce any longer, and very little effort is made to depress prices any more. But rather the feeling is to wait till the first rush of the "poor man's" crops the world over has ceased, and stocks begin to decrease in sight, when everybody expects higher prices and is watching these markets for every sign of their turn. Indeed, Bull markets and Bull speculation, as general as the late Bear movements are looked for in nearly all the speculative staples of commerce, as nearly all have been unduly depressed the past year. It will not be forgotten that we had a panic in coffee last spring, another in stocks, another in wheat in Chicago, another in cotton, another in wheat in San Francisco, with a second edition in coffee and stocks while the provision markets were dragged down with them. Probably liquidation in all speculative articles was never more complete, and hence the commercial and financial situation, as shown by the late light effects on values, outside of stocks, of the money scare, could scarcely be on a more sound and healthy basis than now. With moderate or light stocks the world over, of nearly if not all

raw material, there should be safe and advancing markets for these staples until another crop year at least. This disposes of financial and commercial matters, and of the prospects of the money market, exports, gold imports and the speculative outlook in all our leading markets.

The agricultural situation ceases to be an important element in the business situation at this season of the year, except so far as those countries in the Southern Hemisphere, which compete with us in the markets of the world, are concerned. But as their new crops cannot affect the markets of Europe for six to eight months to come, it is too early to say more than that the wheat crop of that hemisphere promises better than a year ago. All that is of immediate interest here in this direction is the fact that the farmers of the Northwest are not free sellers so far of their wheat, and are inclined to hold for higher prices next spring. The bearing of this upon the movement of money West this fall and winter, and of wheat East, is apparent, and seen in the smaller visible supply in this country by 20,000,000 bushels than a year ago, while the half-filled grain warehouses all the way from the seaboard to the Rocky Mountains, furnish the proof, both of the practically exhausted surplus from old crops, and of the light movement so far of this crop to market. Never has there been such demoralization in storage rates for grain at the seaboard as this year, in consequence, and our New York grain elevator men have been taking all the grain they could get, and begging for more at sixty days' free storage, and even in cases more, as an inducement to bring the grain forward from the West before the close of lake navigation, in order to get the winter storage.

The ocean transportation interests have been having a hard time of it the past month on the light exports of everything but flour and cotton, both of which have been unusually large, and have made up a large proportion of the total. Toward the last of the month, however, rates have advanced, except to the Continent, where comparatively little flour and cotton have been going, as the outside or "tramp" steamers have been driven away from this port to the South for cotton, and to the Black Sea for Russian wheat, by the ruinous rates at which the regular line steamers here have been compelled to take freight or ballast back, so many have been brought to this port by the tide of emigration from Europe, which still flows in enormous volume to our shores.

The industrial situation alone remains to be considered; and this is not all that could be desired in prospective, although at present there is not much apparent decrease in activity. Manufacturers of all kinds of goods are still running full time and regular force as a rule; but they are working less overtime, or have ceased altogether, whereas in many branches, especially in iron, overtime and extra force was the rule earlier in the season. "Behind orders" was the general complaint for the first nine months of the year in many lines of this great industry. But now we are told that most of them "have caught up with their orders," and few have enough to keep them running beyond January, 1888. Already many of the iron manufacturers are changing to the manufacture of staple goods that can be piled up in stock and held for a market to the best advantage, while the steel rail men are caught up with their orders from new roads, and have been letting down the price in order to induce old roads, which have been holding off for the railroad

building boom to subside, and lower prices, before increasing or renewing their old plant or rolling stock, further than compelled by wear and increased traffic. Steel rails have thus come down \$6 per ton from the top, and a good many kinds of manufactured iron and steel have sympathized as well as the raw material, yet there was advance enough during the past year to admit of this receding of prices without loss or stopping production, and this concession in price will no doubt bring in those old roads which have been waiting for lower prices before renewals, as well as a large number of weaker roads that have been waiting to pay up their back debts and get the money ahead from their increased earnings with which to renew both plant and rolling stock. This will probably give the iron trade another year's employment, and prevent any material curtailment of production and employment in that industry.

Textile manufacturers "have not been making much money," we are told, yet they have been busy all the fall and have generally sold their goods, getting at least a new dollar for an old one, and they will not go into the winter with big stocks carried over, and thus may be regarded as in a sound and healthy condition as a rule.

The fall trade has been good not only, but collections have been remarkably good, considering the condition of the money market, especially so of late, in the West, where money has been working closer, while growing easier in the East by reason of these very collections, which have been reflected in domestic exchange by the demand for remittance from the West to New York instead of from New York to the West, as usual, in much larger volume at this season, to move the crops. The business situation has, therefore, shown substantial general improvement the past month, in spite of the draw backs above named, and the prospects for the balance of this year and the first half of next, or rather for the current crop year, are, on the whole, much better than the bear pessimists of Wall Street and of the money market, and their organs, have labored so hard for the last month or two to make the public believe.

DEATHS.

BUCHANAN.—On October 21, aged seventy-five years, RONALD M. BUCHANAN, cashier of Fulton National Bank, N. Y. City.

COOK.—On October 4, aged thirty-seven years, GEORGE B. COOK, cashier of Allegheny National Bank, Pittsburgh, Penn.

FIDDEMAN.—On October 26, aged eighty-one years, COL. HENRY B. FIDDEMAN, president of First National Bank, Milford, Del.

HARRISON.—On October 27, aged seventy-six years, T. A. HARRISON, president of The Security Bank of Minnesota, Minneapolis, Minn.

McCONNELL.—On September 16, ROBERT MC CONNELL, president of the Bank of Woodford, Versailles, Ky.

PATTERSON.—On September 25, aged eighty years, JOSEPH PATTERSON, president of the Western National Bank, Philadelphia, Penn.

SQUIRE.—On October 12, aged forty-six years, HOMER C. SQUIRE, cashier of the First National Bank, Chattanooga, Tenn.

WARFORD.—On October 21, aged sixty-one years, HUGH E. WARFORD, president of Union National Bank, Frenchtown, N. J.

WASHBURN.—On October 5, aged sixty-seven years, WILLIAM B. WASHBURN, president of the First National Bank, Greenfield, Mass.

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SOME RECENT BANK FAILURES.

In harmony with the annual review by the Comptroller of the Currency of the condition of the banks during the year, it may be worth while to consider some of the more noteworthy failures, unpleasant as the subject may be to our readers. Defeats and failures, however, have their lessons as well as victories, and we should learn them, notwithstanding their origin. It may, in truth, be said that the losses from mismanagement have not exceeded rational expectation, considering the imperfection of human nature and the nature of the business. Nevertheless, every failure causes a shock, especially to the losers, who, in any event, do not forget what has happened to them. Some persons, indeed, think that blunders or errors in bank management ought, if possible, to be hidden from the public eye, or, if coming into the light, should be veiled whenever this can be done. But we are not quite sure that this is the best way of treating these matters. Prudence is the child of adversity; and there never was a time when this quality was more needed than at present. As a whole, the art of banking has greatly improved; perhaps no other business has improved more during the last twenty-five years; yet to keep in the right path we should continually look backward, for, by so doing, the thoughtful, at least, will learn to avoid the rocks on which others have been cast away.

Four failures have occurred during the year of a noteworthy character, and each has a very distinct lesson for the banking

community. They are the Fidelity, of Cincinnati, the First National, of Stafford, Conn., the Columbian, of Philadelphia, and the Fifth National, of St. Louis. Of these, the Fidelity failure is the most prominent and likely to be the longest remembered. An enormous crop of lawsuits is growing out of it against pretty nearly every one who has ever had anything to do with the concern. It is quite certain that the legal fraternity are likely to flourish over this ruin, whatever may be said of the stockholders, depositors, directors, and other officers. A few such failures would give a decidedly upward turn to the prospects of lawyers; but it is to be hoped that a repetition, so honeycombed with brazen mismanagement, will not soon occur.

In all of these cases the question has been asked, "What were the directors about, to permit such things?" These failures have clearly brought to light the fact that either the directors really knew nothing about their respective institutions, or acquiesced, or, at least, did not object to whatever was done by the officers in charge of them. The cases all show that the full quota of the absentee directors was connected with them, while those present were quite inefficient, or acted as blinds or decoys to stockholders and depositors. Doubtless all the directors understood well enough what their duties were, and what penalties the law would inflict on them for neglect. They certainly knew that their own stock was involved, and yet none of these requirements and liabilities were potent enough to incite them to fulfill their duties. With these facts the public are well familiar; and the question may be asked, whether anything else can be done in the way of securing more efficient service from directors. If the penalties for mismanagement or neglect are increased, will they not resign? This is one phase of the question. Again, if the directors were paid, would they not attend meetings more frequently, and have a better knowledge of the affairs of their institutions? In England, the directors are paid in many cases, and well paid too, for the service they perform. Anyhow, so long as these services are rendered gratuitously, with here and there an exception, the directors are not likely to attend with regularity, nor to take that thorough interest which is needful to insure the greatest efficiency in administering their institutions. Of course, another reason is that many of the directors are very busy men, and must give their best efforts primarily to their individual business, leaving the odds and ends, as it were, of their time for directory purposes. If, on the other hand, directors were chosen from a class less active in business, they might not have that knowledge of business affairs which is requisite for the place.

The one fact that is clearly brought to the surface by these events is, that stockholders, outside the directory, must look more

sharply after bank management, if they wish to increase their security. At present, they seem to think that when they have elected directors their duties are done, and they quietly go to sleep until another year comes around. This should not be. They must look after their directors, their ways and habits; and if they find that a director is deeply engaged in speculative projects, they should inquire whether he is using the bank for his individual ends, and if it is found that he is doing so, they should demand a change. Indeed, it is a pretty good piece of evidence that his place had better be filled by another needing the assistance of the bank less. Certainly such a course would conduce to its security and permanent success.

Right here the question may be asked, whether it would not be well to elect directors by a given number of shares. Suppose, for example, a bank had a thousand shares of stock with ten directors. Suppose, also, that each hundred shares should be entitled to one director. Such a rule would enable the minority in every case to have representation. Under existing systems in nearly all our corporations a bare majority may control, and then the minority must appeal to the courts for protection and security. This is a very awkward mode of proceeding. The election of directors to represent the minority would doubtless secure more conservative management in those cases in which the majority were inclined to use their position in dangerous ways. Of course, unanimity in management is highly desirable, nay, necessary, and if directors were chosen by the minority hostile to the policy of the majority, differences would immediately arise in the administration; but these would be remedied by the transfer of stock from the one side to the other, or by such an investigation and adjustment of differences as would be likely to result in good all around. Two things are certain: first, that the stockholders have too little power at present; and second, even if complaining of the management, they are often unable to effect any change when they are in the minority. This enables the majority to resort every now and then to high-handed measures to keep the books closed, and to annoy the minority into selling or squeezing them out of their property, at unjust figures, or in other ways of abusing the trust that is confided to them.

In two of these cases, the Fidelity and the St. Louis banks, they were emptied by their officers for speculative purposes. It is singular that the directors should not have known in both cases how the money was going, and have made efforts to prevent such palpable violations of the law. The lesson to be drawn from them is, whenever an officer is engaged in speculation he should be relieved from duty. Of course, it is easy enough to ask where shall the

line be drawn between legitimate and illegitimate speculation; but the people know where a practical line may be drawn; they know that the purchase of stocks and wheat on margins is a wholly indefensible business, involving great risks, and that the man who is engaged in it is an anxious man; that his attention is diverted from his bank and centered in the places where this nefarious business is going on; that at best he is a less efficient officer, and can be, for every reason, well spared. There are two kinds of bank presidents who should be speedily eliminated from the banking world. First, those who are engaged in speculative operations, like buying stocks and products on a margin, and borrowing the money of their own or other banks in order to conduct their operations. Second, those who are engaged largely in outside constructive works, like building railroads, bridges, houses, factories, etc., and borrowing largely of the bank's money to be used in their various enterprises. Again and again when a bank has failed, its statement has shown that the president, or, perhaps, the board of directors, was engaged in speculation or construction. Both are hazardous in the extreme, and therefore, we repeat, that all such officers, whether administrative or directive, can very properly be put on the retired list, and others chosen less ambitious to make fortunes in such hazardous ways.

With respect to the Columbian Bank failure a word may be added. From the reports that have appeared in the newspapers, it would seem that the president loaned a large portion of the bank's funds on very singular security—on books, South American stocks and bonds of varying value, and on other securities of an exceedingly questionable character. The statement of collateral reminds one of the old-fashioned days of banking, when bank officers seemed to have much less knowledge of the worth of collateral securities than they have now. Setting aside the speculative operations of bankers, no improvement in the business is more marked than the intelligent discrimination in collaterals taken for loans. But the president of the Columbian Bank, who seemed to have complete control of its affairs, loaned in the old-fashioned way, quite innocent, apparently, concerning the worth of anything, and seemingly willing to accept almost any kind of security that was offered. Happily, this is the only bank that has made a showing of this nature for a long time, and it is to be hoped that a second will not soon follow in its ways. The president, we learn, has fled the country, and we can well imagine his feelings in reviewing his past conduct. In the other cases the bank managers were unscrupulous men, daring to the highest degree; but Mr. Phillips possessed a degree of ignorance quite unparalleled in any recent bank mismanagement.

These failures, therefore, have lessons that should be heeded. Whether any legislation can be enacted for increasing the security of all concerned is worthy the attention of Congress. Very likely these failures will give rise to public discussion, and it is hoped that something may be done at least to check the evils of speculation, or to prevent those who persist in continuing in this worse than miserable business from having any connection with our banking institutions. The sooner the divorce between banks and speculators is perfected, the better.

WHAT INTEREST CAN BE TAKEN UNDER THE NATIONAL BANK LAW.*

The following analysis of the statutes relating to the subject has been made by Judge Swayne. (*Farmers & Mechanics Bank v. Dearing*, 91 U. S., 29, p. 32.) (1) "The rate of interest chargeable by each bank is to be that allowed by the law of the State or territory where the bank is situated.

(2) When, by the laws of the State or territory, a different rate is limited for banks of issue organized under the local laws, the rate so limited is allowed for the national banks.

(3) Where no rate of interest is fixed by the laws of the State or territory, the national banks may charge at a rate not exceeding seven per cent. per annum.

(4) Such interest may be reserved or taken in advance.

(5) Knowingly reserving, receiving, or charging a rate of interest greater than aforesaid shall be held and adjudged a forfeiture of the interest which the note, bill or other evidence of debt carries with it, or which has been agreed to be paid thereon.

(6) If a greater rate has been paid, twice the amount so paid may be recovered back, provided suit be brought within two years from the time the usurious transaction occurred.

(7) The purchase, discount, or sale of a bill of exchange, payable at another place, at not more than the current rate of exchange on sight drafts, in addition to the interest, shall not be considered as taking or reserving a greater rate of interest than that permitted."

These clauses, examined by their own light, seem to us too clear to admit of doubt as to anything to which they relate. They form a system of regulations. All the parts are in harmony with each other, and cover the entire subject.

In developing the meaning of these statutes, the question may be asked, To what notes or commercial paper do they apply? To this question the supreme tribunal of the land has replied that they

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apply to discounts of business paper and also of accommodation paper. (*National Bank v. Johnson*, 104 U. S., 271, p. 277, aff'g 74 N. Y., 329.)

The law puts a national bank on as high a plane as a State bank in charging interest, though individuals may receive more. (*Shunk v. First National Bank*, 22 Ohio, 508.) Says Strong, J.:

"National banks are authorized to reserve and take interest on loans made by them at such rates as are allowed by State law to State banks of issue in the States where the national banks are located. In reserving and taking interest at such rates they act within the authority given them, violate no law, and render themselves liable to no penalties." (Strong, J., *First National Bank v. Duncan*, U. S. Circuit Court, West D. of Pa., 6 Week Notes, 159, p. 160; *National Bank v. Johnson*, 104 U. S., 271, aff'g 74 N. Y., 329.)

The reason for this regulation is that "it was expected they would come into competition with State banks, and it was intended to give them at least equal advantages in such competition. In order to accomplish this they were empowered to reserve interest at the same rates, whatever those rates might be, which were allowed to similar State institutions." (*Tiffany v. National Bank*, 18 Wall, 408.)

This interpretation of the law has been quite uniform. In *National Bank v. Bruhn* (74 Texas, 570, p. 576), Willie, C. J., said: "The general rule established by this section is that national banks may charge as high a rate of interest as is allowed by the laws of the State or territory where the bank is located. Under this rule no doubt can exist but that the appellant bank was authorized to charge two per cent. per month interest upon the note in suit, as that rate was then allowed by the laws of this State. Was this right restrained by any of the subsequent provisions of this section? The only exception to this general rule as announced in the act of Congress is when, by the laws of a State, a different rate is limited for banks of issue organized under State laws; in that case the rate so limited is to be allowed to national banks located in such State. . . . The only other clause in the section that regulates the rate is that which provides that where no rate is fixed by the laws of the State or territory or district, the bank may reserve a rate not exceeding seven per centum. This is no exception to the general rule already stated, but provides for a class of cases not included in it."

A national bank in New York city made a loan there to a corporation which, if it had been made to an individual, would have been usurious under the law of the State, as the loan exceeded the legal rate of seven per cent. per annum. But a statute of that State also forbids a corporation to interpose the defense of usury. The effect

of this statute, as interpreted by the highest court of the State, is that the rate of interest which a corporation may pay is not fixed or limited. Nevertheless, as the rate of interest exceeded seven per cent., the transaction was within the prohibition of the national banking law, and the entire interest was forfeited. (*In re Wild*, 11 Blatchf. 243.)

If the general rate of interest which can be taken by State banks is fixed, the establishing of a few banks by charter to take more than this amount will not justify a national bank in taking usurious interest under the clause which permits them to charge interest at the same rate as banks of issue organized under the laws of the State where the national bank is situated. (*Gruber v. First National Bank*, 87 Pa., 468; *First National Bank v. Gruber*, *Id.*, 465.)

In California, the courts have declared that banks may charge as much interest as is allowed by the local laws to any person whatever. "The provision we are considering is in effect that when no interest is allowed by the local laws to any person natural or artificial, the national banks may charge and receive seven per cent. and no more. (*National Bank v. Johnson*, 104 U. S., 271.) The statute of the State making no regulations as to what interest may be charged, Congress takes the subject in hand so far as national banks are concerned and prescribes what rate they may receive. . . . We think the [national] banks are on a footing with other banks; and that they may contract for the highest rate fixed or allowed by the statute of the State, and that this is the meaning of . . . the national banking act." (*Hinds v. Marmolejo*, 60 Cal., 229.)

If a note be discounted in a State where it was not made, the law of the State in which the discounting occurred is to be applied to determine the question of usury. Thus a note was made and signed at Washington, but dated at L, in Kansas, and sent to a bank there to be discounted. It was decided to be governed by the law of that State. (*Second National Bank v. Smoot*, 2 MacArthur, 371.) But the making of such a note must not be a mere device to evade the usury law of the State where the money is to be repaid, and where the rate of interest is lower than taken. (*Id.*)

The offenses defined and denounced by the law are twofold: First, "where illegal interest has been knowingly stipulated for, but not paid, there only the sum lent without interest can be recovered;"* and second, "where such illegal interest has been paid,

*The only forfeiture declared by this section is of the entire interest which the note, bill, or other evidence of debt, carries with it, or which has been agreed to be paid thereon, when the rate knowingly received, reserved, or charged by a national bank is in excess of that allowed by that section; and no loss of the entire debt is incurred by such

then twice the amount so paid can be recovered in a penal action of debt or suit in the nature of such action against the offending bank, brought by the persons paying the same, or their legal representatives."* (*Barnet v. National Bank*, 98 U. S., p. 558.)

Moreover, these regulations supersede any State laws relating to the subject. (*Davis v. Randall*, 115 Mass., 547; *Central National Bank v. Pratt*, *id.*, 539; *Merchants' & Farmers' National Bank v. Myers*, 74 N. Car., 514; *First National Bank v. Garlinghouse*, 22 Ohio, 492; *Higley v. First National Bank*, 26 Ohio, 75; contra, *First National Bank v. Lamb*, 50 N. Y., 95; *Higley v. First National Bank*, 26 Ohio; *Citizens National Bank v. Leming*, 8 Int. Rev. Record, 132; *Hintermister v. First National Bank*, 64 N. Y., p. 215; *First National Bank v. Cake*, 11 Phila., 312.)

Concerning the first offense Judge Gresham has remarked: "If a national bank discount a note at a usurious rate of interest, paying the borrower the proceeds less the interest, and suit be brought to recover the loan, and the borrower plead the usury, the bank will recover the face of the note less the entire interest taken out, received or reserved, and no more. It will thus collect the sum of money it actually paid out, being punished for receiving interest in excess of the legal rate by forfeiting all interest." (*National Bank v. Davis*, 8 Biss., 100, p. 102.) The New York Court of Appeals has also remarked, that "when a note is discounted, the amount reserved for the discount is the interest reserved. In most cases it is not then paid. The borrower receives the sum called for by the note, less the amount reserved for the discount. This is not paid until the note is paid. It is interest, and it is interest which the note carries with it. If it be a discount at a usurious rate, it is forfeited by reason of the federal statute. In a suit on the note, it may not be recovered. It is to be held and adjudged forfeited." (*National Bank v. Lewis*, 81 N. Y., 15, p. 20; *Brown v. Second National Bank*, 72 Pa., 209; *Overholt v.*

bank, as a penalty or otherwise, by reason of the provisions of the usury law of a State, (*Farmers' & Mechanics' National Bank v. Dearing*, 91 U. S., 29; *Davis v. Randall*, 115 Mass., 547; *Central National Bank v. Pratt*, *id.*, 539; *Second National Bank v. Brown*, 72 Pa., 209; *First National Bank v. Garlinghouse*, 22 Ohio, 492; *Wiley v. Starbuck*, 44 Ind., 298. "The forfeiture is expressly limited to the interest which the note, bill or other evidence of debt carries with it, or which has been agreed to be paid thereon. In thus limiting the forfeiture to the interest, the right of the bank to the principal is necessarily implied." (White, C. J., *First National Bank v. Garlinghouse*, 22 Ohio, 492, p. 502.)

* In New York the second clause of this section was at first construed as meaning that twice the amount of the interest paid in excess of the legal rate might be recovered, and not twice the amount of the entire interest. *National Bank v. Lamb*, 50 N. Y., 95; *Farmers Bank v. Hale*, *id.*, 53; but these decisions were overruled in *Hintermister v. First National Bank*, 64 *id.*, 212, modifying 3 Hun., 345, s. c., 5 Th. & C., 484; and following the decision in *Farmers' & Mechanics' National Bank v. Dearing*, 91 U. S., 29; *Crocher v. First National Bank*, 3 Am. Law Times.

National Bank, 82 *ib.*, 490; *Lucas v. Government National Bank*, 78 *id.*, 228.)* Nor is the forfeiture limited to cases in which notes carry interest on their face. (*National Bank v. Lewis*, 78 N. Y., 516.)

Not only is the interest which accrues before maturity forfeited, but also the subsequently accruing interest. Says McIlvaine, J.: "It is made the duty of the court having jurisdiction of an action brought on a note, bill, or other evidence of debt, discounted by a national bank at a rate of interest greater than that allowed by law, or if an agreement has been made to pay such greater rate of interest thereon, to hold and adjudge the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon, to be forfeited; as well, the interest accruing after maturity and before judgment, as the interest which accrued before the maturity thereof." (*Shunk v. First National Bank*, 22 Ohio, 508, p. 512.)†

A forfeiture will not be declared unless it can be clearly proved that the bank knowingly received or reserved an amount in excess of the statutory rate of interest. In *Wheeler v. National Bank* (96 U. S., 268) an action was brought by the bank on a bill of exchange which had been indorsed by Wheeler. He defended on the ground of usury, but the record furnished no evidence of a distinct agreement concerning the amount of interest or exchange to be reserved by the bank when discounting the bill. Said Harlan, J.: "The statute should be literally construed to effect the ends for which it was passed; but a forfeiture under its provisions should not be declared unless the facts upon which it must rest are clearly established. There is no proof of the rate of exchange; and, since the courts uniformly incline against the declaration of a forfeiture, the party seeking such declaration should be held to make convincing proof of every fact essential to forfeiture."

If a national bank should charge usurious interest on an overdraft, it could recover no interest whatever. (*Third National Bank v.*

* "Under the act of Congress no interest can be recovered upon a usurious contract, while by the law of Pennsylvania the legal interest can be recovered, but no more. While the ormer uses the word 'forfeiture,' and is penal to the extent of the interest, it does not make the entire contract void or even voidable." (The court in *Appeal of Second National Bank of Titusville*, 6 Week. Notes, 153, 1877.)

† "When usurious interest has been received for discounting a note which is not paid at maturity, the interest on the same is forfeited from the time it matured until judgment is rendered, in the event of suing to recover the amount of the note." Says McKennan, J.: "The 'entire' interest which the note 'carries with it' is forfeited; and if this means *all* the interest which accrues upon it, as I think it clearly does, it is difficult to understand how any part of it is recoverable. By the operation of the act an usurious contract is inherently vicious, so that it cannot 'carry' any interest 'with it'; hence it would inadequately efface the interest of the act to hold that such a contract is purged of its taint, and is invested with a capacity denied to it before by the failure of the debtor to pay the debt evidenced by it at maturity." (*First National Bank v. Stauffer*, 1 Fed. Rep., 187.)

Muller, 7 Week. Notes, 496.) And if a suit should be brought by a bank on a note held as collateral for an overdraft, the suit would actually be to recover the overdraft of the makers of the note as sureties. (*Id.*) Consequently, if usurious interest had been charged on the overdraft, this must be deducted from the total amount of the overdraft. (*Id.*) And if there had been monthly and stated accounts between the bank and the one from which the overdraft was due, this fact would not affect the right of the sureties to have the usurious interest deducted. (*Id.*) Nor would the fact that the bank owing the overdraft charged its customers usurious interest on the same transaction preclude the defense of usury by the sureties. (*Id.*)

Is the discounting of a note on condition that a portion of the proceeds shall remain in the bank usurious? A note for \$6,000 was drawn by B in favor of S, and indorsed by him, which was discounted for B on condition that \$1,000 should remain to be paid on the note when due, which would be in sixty days. B gave his check for \$1,000 to the cashier, which was not charged to his account. Having assigned and been declared a bankrupt, it was held the check reduced S's liability to \$5,000, as though the note had been given for that sum, and that the transaction was not contrary to the national usury law. (*First National Bank v. Gish*, 72 Pa., 13.)

Can a bank director, whose note has been discounted in his own bank, interpose the defense of usury, like other persons? In Ohio it has been decided that this can be done. (*Bank v. Slemmons*, 34 Ohio, 142.)

It may be further remarked that the forfeiture can be enforced only in actions for the recovery of the principal. (*Hintermister v. First National Bank*, 64 N. Y., p. 215.)

The borrower may interpose this defense in a State court. Says the Supreme Court of Iowa: "We are disposed to think that it would be carrying the doctrine too far to hold that a borrower of money from a national bank at a rate of interest which is usurious cannot, where sued by the bank in a State court to recover interest, maintain the plea of usury as a defense in the same court. No court, so far as we have been able to discover, has so held." (*National Bank v. Eyre*, 52 Iowa, 114, p. 116.)

Concerning the time of interposing this defense two answers have been given by the courts. One answer is that the defense must be made within two years from the time the loan was made (*Higley v. First National Bank*, 26 Ohio, 75); and the other answer is that this proviso "relates, exclusively, to actions brought to recover money paid, and not to a defense against a recovery; because, if intended to apply to the defense against usury, it would give to the party holding a usurious contract the advantage of cutting off

the defense by postponing his suit until after the two years expired." (*Pickett v. Merchants' National Bank*, 32 Ark., 346, p. 366.) This construction of the law, by Judge Walker, of the Supreme Court of Arkansas, is certainly far more rational than the other.

[TO BE CONTINUED.]

FINANCIAL FACTS AND OPINIONS.

Bank Circulation.—John Thompson, vice president of the Chase National Bank, has issued a pamphlet containing a plan for perfecting and perpetuating the national banking system. In this he says that we now have two kinds of money, the one consisting of coin, greenbacks and national bank notes; and the other token money, consisting of drafts, checks, letters of credit, etc. "Such token money now constitutes nineteen-twentieths (ninety five per cent.) of our business transactions, while real money is so scarce that when a panic overtakes the business community it is inadequate, and unreasonable depreciation in values necessarily takes place. Discrediting token money is such a vital contraction of our moneyed facilities that it becomes apparent we should have more *real* money to save us from bankruptcy of enormous magnitude. We have too much token money, and too little real money to be on a safe foundation."

He thinks that we should have more real money, especially in the form of a bank currency, and he sets forth a plan for providing it, which is as follows:

"1st. Permit the banks to discontinue the deposit of government bonds as security for currency, and in lieu adopt the following:

"2d. Make it legal for banks to obtain currency from the Treasury Department of 50 per cent. on capital paid up.

"3d. Give this issue of currency a preferred lien on the entire assets of the bank, including the individual liability of stockholders in case of insolvency.

"4th. Divert the annual internal revenue tax of 1 per cent. per annum on circulation into an insurance fund to be held in the Treasury of the United States as a guaranty for the redemption of any currency which may fail to be redeemed under the above preferred arrangement."

Many persons are not in accord with Mr. Thompson concerning the wisdom of extending a bank paper circulation. The opinion is rapidly growing that the issuing of money in any form is the province of the government, and not of individuals or banking institutions. Banking is a private business, and while the govern-

ment should keep entirely out of it, it is quite as certain that individuals and banks should refrain from issuing money. This opinion has been spreading of late years, that whatever shall be the fate of bank note circulation—and of course it must be retired if the national debt is extinguished—banks should not issue notes of any kind in place of it. In the future, whatever paper money is to be circulated, is to flow from governmental authority, pure and simple, and not from any institution whatever. This has come to be the opinion all over the world, and while some bankers have doubtless admitted the idea with reluctance, particularly the country bankers, yet it is quite evident that they have come to the same opinion.

Mr. Gladstone, the soundness of whose opinions no one will question, said in a speech or paper some years ago that "the profit derived from the issue of paper money belongs to the State, not to any bank or system of banks, but rightfully and exclusively to the treasury of the nation." This opinion, we repeat, is in accord with the best sentiment of all enlightened lands. What the paper currency of our land shall be is a more serious question. In the first place, so long as the silver-coinage business is continued it is not worth while to consider the subject of any kind of paper money, for we now have all the currency which even our expanding business and population require. If, however, our present system of silver coinage should be discontinued, then it may be that such a question would lie before us, although many intelligent persons assert that the supply of gold even then would probably be sufficient, with the token money, so well described by Mr. Thompson. In a very interesting article which appeared in the *Boston Commercial Bulletin* not long ago, the writer strongly advocated the issuing of more legal tender notes; but this we believe to be contrary to public sentiment. If the government is ever to issue any more paper money, it should consist simply of Treasury notes without the legal tender quality, for then they would circulate by the free will of the receivers, and if people did not like them they would not take them. This is the most harmless kind of paper money for a government to issue; indeed, any other can find no justification, unless it be issued at a critical period, as ours was issued during the war. Certainly, in a time of peace like this, the issue of legal tender notes is the least defensible plan that any one has dared to put forth.

Bank of England Note Circulation.—The Bank of England has been permitted to increase its circulation £450,000, under the act of 1844 regulating the circulation of the country. It will be remembered that this act provided that whenever the circulation of

other banks ceased, through failure or otherwise, the Bank of England could be permitted to issue notes for two-thirds of the amount thus retired from circulation. Of course it is needful for the Bank to hold securities for the additional amount in the same manner as for the original amount of fourteen millions of pounds. Under this provision of the law, the circulation of the Bank of England has been increased £2,200,000, now standing, therefore, at £16,200,000. As the act requires that the net profit derived from the issue of circulation shall be deducted from the amount payable to the bank for managing the public debt of the country, it follows that the institution gains nothing by making any addition to its circulation. So far as the public is concerned, there is an actual diminution in the circulation to the extent of one-third of the amount of notes retired in consequence of the failure or amalgamation of other banks which possess a circulation. The London *Economist*, in commenting on this extension of the Bank of England issues, says: "When we come to compare circulation with population, the diminution in the former assumes very much larger proportions. In round numbers, the £15,000,000 of circulation in 1844 was distributed amongst a population of about 14,000,000, and thus averaged nearly 21s. 6d, per head, whereas the circulation of £11,300,000 in 1887 was distributed amongst a population of about 23,000,000, and averaged less than 10s. per head. Now, the idea pervading the act of 1844 was that any gap caused by a contraction of the issues of the provincial banks would be filled by an extension of the issue of the Bank of England. In practice, however, that idea has proved to be erroneous, and under existing arrangements the English provincial circulation has dwindled, until, in proportion to population, it is only about two-fifths of the circulation in Scotland, and less than a half of the circulation in Ireland. And the reason of this, as we have before said, is obvious. It is that the £5 note circulation of the Bank of England is not adapted to the wants of the people. This is a fact which every pottering with the issue of the bank brings into prominence. Every petty increase of the authorized issue against securities is a gain to the bank, and a slight—so slight as to be barely appreciable—benefit to the revenue. It adds, however, not a single note to the circulation, and is of no advantage to the public. What we need is a note circulation that is capable of being used in ordinary transactions, and which will save us the loss from the wear and tear of our gold coinage. Such a circulation both Scotland and Ireland possess in their £1 notes, and there is no reason at all why the people of England should continue to be deprived of the advantages which the other divisions of the kingdom enjoy and appreciate."

Fees of British Directors.—In a little pamphlet issued not long ago by an English insurance expert, an account is given of the money paid to the directors of insurance companies in the way of fees for attending directors' meetings. Three thousand persons, it is said, serve on the boards of these companies, who absorb \$3,750,000 annually in fees, or nearly \$1,300 apiece—a very nice sum, surely, for such duties. The writer thinks that these large boards should be cut down to five or six in number, and thus a large saving be effected in the above item of expense. Our corporate system is quite different from the English system in this regard. Smaller boards have always been regarded as the more effective, and only in a few cases have directors been paid for their time and ability given to such purposes. It may be that a payment in some cases would result in more regular attendance and more efficient service; but with our savings institutions particularly, to the great credit of their trustees or directors be it said, they have generally served with efficiency, in many cases consuming much time, and receiving no reward whatever. It is true that these institutions have had a charitable or philanthropic side, and the boards to a considerable extent have been composed of men imbued with such sentiments, who have, therefore, given more freely of their time and ability, with no other reward save that which comes from well-doing. But with our railroads and banks of discount and deposit, which are created primarily as money-making institutions, it is a question worth considering whether, if the English system to some extent was adopted, a deeper interest would not be shown in their management by the directors, and perhaps a greater saving effected than the expenditure for this service. One of the constant and daily criticisms on them, especially our banks, is that directors do not direct, and the well-known answer is that they can hardly afford to give very much time and attention to the business for no remuneration. We are inclined to believe that the failures of the last few years must lead to some change in the system, perhaps to the payment of a board of audit, or revision, or examination, who, at least, will be paid for the services which they shall perform. It seems to us that these failures all point to one conclusion, namely, that the banks are not likely to have very much directing so long as directors are not paid for their services.

Can Directors Examine Bank Accounts?—It would seem as though a question of this kind could hardly be asked; and yet one case, at least, has arisen calling for an answer. More especially, we have in mind the incident that occurred during the administration of

the Fidelity National Bank, of Cincinnati. At one of the meetings a director was desirous of seeing the collateral on which money had been loaned. It consisted of warehouse receipts, and with the director's request to see them the president was unwilling to comply. He thought it was a reflection on his honesty. The director replied that he had not such a thought in mind, but, as he had a right to know what the bank was doing with its money, the inquiry was a proper one. The outcome of the inquiry was the sale by this director of all his stock at a satisfactory price, the transaction, of course, resulting in his withdrawal from the directory. It is said that the president informed the remaining directors that under ordinary circumstances he would not have declined to exhibit the receipts to the board, but was unwilling to do so in this case, in order to conceal the persons who were interested in the wheat deal then going on in Chicago, and in which the bank, as the lender of money, was deeply interested. We all know what happened to that bank, and understand perfectly well why the president refused to give the information desired. Such an incident does not often happen, but it leads to another inquiry, namely, whether directors should not more frequently make inquiries of this kind? It is true that directors cannot be expected to have a perfect knowledge of the affairs of a bank, yet if anything is wrong about one, an inquiry may bring it out; and hence more vigilance and greater scrutiny in the way of questioning and examining might lead to more conservatism on the part of bank managers. In other words, if they knew that their conduct would be subjected to a more critical examination at the meetings of the directors, they doubtless would hesitate more in doing some of the things which, unhappily, they are guilty of doing, and which are found out when it is too late to mend them.

The Need and Value of New Railroads.—The New York *Commercial Bulletin* has been getting the opinions of some prominent railroad men concerning the need and worth of the new railroads which have been projected, and are in process of construction, particularly in the western and southwestern sections of our country. One of the facts developed in these interviews is, that the people will no longer go into the wilderness and take up lands and live by themselves—preferring to remain in the inhabited portions of the country. Another fact is, that the railroad must now precede the settler; and it is on this theory that thousands of miles of railroad are in process of construction. The gentlemen who were interviewed all agree that there is every reason for supposing that the railroads projected will prove profitable at an early date. The settler is sure to take up the lands with great

rapidity; at least, such has been the experience of the railroad companies for several years past. The outcome of this inquiry, therefore, is that the railroads are not likely to be profitable in the beginning, but are sure to prove so at no distant date. It is worthy of remark that most of the new construction has been undertaken by existing railroad companies, rather than by new ones. Even the new railroads in many cases are to be leased by, or consolidated with others when completed. Moreover, the construction has been undertaken by the railroads themselves, and not by construction companies. The new trackage is, therefore, largely an extension of existing lines, made directly by them, and with all the economy which their credit and experience can give to the work. Furthermore, the cost of building railroads has diminished from 30 to 40 per cent. This is a very large reduction, and has tempted the railroads to build more rapidly than they would if the investment were larger. On the whole, these interviews present a hopeful view concerning the future of the new enterprises. There are some railroads under construction which are not needed, and will doubtless undergo the fate of their predecessors, namely, bankruptcy and reorganization; but most of the new roads or extended roads are regarded as sure payers and as wise undertakings.

Brazilian Finances.—The finances of this interesting country are not improving, notwithstanding its great possibilities. A deficit has occurred every year since 1870, a period long enough to give rise to the gravest doubts concerning its financial future. In 1881 there was a reorganization of the ministry, and it was hoped that, under the new regime, greater economies would be effected and a more favorable showing made for the government; but no perceptible progress has been made. The government has issued more and more paper money, and increased its taxes until they have become very heavy. The quantity of paper circulation now exceeds 110,000,000 of dollars, and the foreign and internal debt of the country is nearly \$500,000,000. Besides these large figures, the State is carrying the interest on nearly \$125,000,000 invested in railroads, sugar mills, and the like. This state seems to have followed the course of European ones in heaping up indebtedness without much, if any, thought concerning its liquidation, until now the question of payment has become very serious. We venture to predict that every State in South America, unless Chili be excepted, will be hopelessly bankrupt within five years. One thing is certain, those who trade with South America on the faith of South American governments, should not sleep nights before getting what-ever may be due them.

The Panama Canal.—The agent or representative of the Columbian Government has made a report on the Panama Canal which will not please M. De Lesseps, nor make the stockholders in that ill-fated enterprise feel happy. He says that over six hundred millions will be required to finish the undertaking, which may be an extravagant figure, but we know that the company has already expended, \$270,000,000 raising its last money at a discount of 57½ per cent. With respect to the financial operations of the company he says: "In 1880 the company was formed in Paris with a capital of 3,000,000 fr., divided into 60,000 shares of 5,000 fr. each. In 1882 the company contracted a loan, and issued 250,000 shares, bearing 5 per cent. interest, which were bought at 437½ fr., to be redeemed at the rate of 500 fr. In 1883 it again issued 600,000 3 per cent. 500 fr. bonds at 125 fr. In 1884 it issued 409,667 4 per cent. bonds at 333 fr., redeemable at 500 fr. In 1886 another 500,000 shares were offered, of which 458,802 were taken up at 450 fr., repayable at the rate of 1,000 fr. in 42 years. This issue produced 206,460,900 fr. And lastly in August of the present year, another loan was made, 500,000 bonds being offered, of which 258,887 were taken up at 440 fr., repayable in 48 years at 1,000 fr. each. This produced 113,910,281 fr."

Of the work, not much more than a beginning has been made. "According to the plans the number of cubic meters to be excavated in order to open the canal was 143,000,000, and to those figures must be added the quantity of earth to be moved in order to lead off the waters of the Chagres, Obispo, and Rio Grande rivers, which amounts to 18,000,000 cubic meters, making the total excavations amount to 161,000,000 cubic meters; and as the amount taken out up to the end of August of the present year was 33,925,230 cubic meters, according to the figures of the company there yet remains 127,074,770 cubic meters to be removed."

These few facts are enough to disclose the difficulties attending the enterprise. There has been a steady flow of sales, and it is reported that at last the small holders are losing confidence in De Lesseps. Of the 102,230 shareholders no less than 80,837, according to the latest available statement, hold from one to five shares apiece. Among these are 16,000 women. The number of persons holding either shares or bonds is said to be about 400,000. The great majority of these people are not reached by such exposures of the real condition of the company as have been made in Paris. They rely wholly on the man De Lesseps and his promises. When they lose faith in him a large part of their holdings will come upon the market.

THE PUBLIC DEBTS OF EUROPE.

BY ALFRED NEYMARCK, MEMBER OF THE SOCIETY OF POLITICAL
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XVIII.—PORTUGAL.

On July 1, 1886, the capital issued of the Portuguese debt amounted to 612,108 contos de reis (round numbers), or 3,427,804,-800 francs.†

This number is divided as follows:

	<i>Contos de reis.</i>
Securities 3 per cent. perpetual internal.....	252,098
" " external.....	311,753
" 5 and 6 per cent. redeemable.....	48,257
Total	612,108

Of which have been redeemed:

Securities, 3 per cent. internal.....	10,709
" 3 per cent. external.....	73,573
" 6 per cent. " 	16,856
Total of capital redeemed.....	101,138 contos.

Redemptions deducted, the nominal capital of the Portuguese public debt amounts, therefore, to 510,970 contos de reis, or 2,861,-432,000 francs.

The public debt requires for the current financial year, for interest and sinking fund:

3 per cent. securities.....	14,387 contos
5 " " 	1,568 "
Total.....	15,955 contos.

This represents 89,348,000 francs.

These charges form 48 to 49 per cent. of the amount of the public receipts.

The greater part of the Portuguese loans was issued and is held by French capitalists; the principal banking houses and credit institutions, especially the Comptoir d'Escompte of Paris and the Society of Deposits and Current Accounts, have given their help to the financial operations of this country.

Of late years the situation of the Treasury has improved; from 1870 to 1884 the receipts increased 71.5 per cent.

In 1870-1871 they amounted to 18,155 contos de reis, and in 1884-1885 to 31,158 contos. The increase was, consequently, 13,003 contos de reis, or 72,816,800 francs.

In 1870-1871 the expenditures were 25,600 contos; they were

* Translated from the French by O. A. Bierstadt.

† Milreis= 5 francs 60. 1 conto de reis=5,600 francs.

32,742 contos in 1884-1885. During this period, therefore, the expenditures increased 7,142 contos de reis, or 39,995,000 francs.

While the receipts have advanced 71.5 per cent., the expenditures have only increased 58 per cent. The charges on the public debt, which, as was seen above, absorb 48 to 49 per cent. of the receipts, required, in 1870-1871, 57 per cent. of the same receipts.

It should be remarked that the capital borrowed by the Portuguese Government since 1871, has been applied to the building of railroads, roads, posts, telegraphs, etc., as well as to the development and improvement of the colonies.

All the progress accomplished has only been obtained by augmenting the charges of the debt, but Portugal already feels the happy effects of these productive expenditures. The receipts of the Treasury increase progressively, and the natural consequence is the diminution of the annual deficit. In five years the deficit has diminished 4,332 contos de reis.

On January 16, 1886, the Minister of Finance submitted to the Portuguese Chamber of Deputies the ordinary budget for the year 1886-87 (July 1, 1886-June 30, 1887).

The estimated receipts and expenditures were as follows:

<i>Receipts.</i>	<i>Milreis.</i>
Direct taxes.....	6,253,000
Stamps and registration.....	3,341,000
Indirect taxes.....	16,884,000
Additional tax of 6 per cent.....	1,087,000
National property and sundries.....	3,616,000
Compensation of expenditures.....	1,090,000
Total of receipts.....	32,271,000
<i>Expenditures.</i>	<i>Milreis.</i>
Junta of the public debt.....	14,437,000
Ministry of Finance { general charges.....	3,781,000
{ expenses.....	2,558,000
Ministry of Interior.....	2,268,000
Ministry of Justice.....	707,000
Ministry of War.....	4,891,000
Ministry of Marine and Colonies.....	2,022,000
Ministry of Foreign Affairs.....	349,000
Ministry of Public Works.....	2,967,000
Deposits and Savings Banks.....	39,000
Total of expenditures.....	34,019,000
Total of receipts.....	32,271,000
Excess of expenditures.....	1,748,000

This deficit was less than that of the preceding year, and it is probable that the ensuing budget will be presented without the ordinary deficit.

The charges, made necessary by the extraordinary expenditures upon great public works, will be covered by the extraordinary receipts which the Government must ask of the Cortes.

Since 1870, the Portuguese Government has issued loans in the form of 3, 5, and 6 per cent. redeemable securities.

The statement of them is as follows:

<i>Years.</i>	<i>3 per cents. Contos de reis.</i>	<i>5 per cents. Contos de reis.</i>	<i>6 per cents. Contos de reis.</i>
1873	38,000	—	2,034
1874	—	—	1,755
1875	—	—	1,767
1876	—	—	2,097
1877	18,000	1,378	3,724
1878	11,250	—	3,558
1880	39,150	—	1,832
1881	8,460	16,343	—
		2,441	—
1884	37,710	1,986	—

The 5 per cent. loan of 1877 was for the colonies; the 5 per cent. loans of 1881 were applied to the building of the Minho and Douro Railroad.

We owe the greater part of the preceding information to the kindness of our learned colleague of the Statistical Society of Paris, Lieut.-Col. Gerardo Pery, assistant director of the geodesic and statistical works of Portugal. We thank him here.

XIX.—ENGLAND.

The English budgetary year begins with April 1. The accounts of the debt, as well as the entire budget, stop, therefore, with March 31 of each year.

On March 31, 1885, the consolidated debt of the United Kingdom of Great Britain and Ireland was thus composed in nominal capital:

3 per cents consolidated	£329,896,855
3 " new	180,053,130
3 " reduced	77,151,474
3½ " new	225,746
2¾ " "	4,647,799
2½ " "	33,228,820
3 per cent. debt to the Bank of England (capital of the Bank of England)	13,645,869

Total of the consolidated debt.....£638,849,693

The unconsolidated debt and the floating debt amounted to a total of £105,566,215, comprising:

Terminable annuities, whose value in capital, calculated on the basis of 3 per cent. a year, represented	£85,829,917
Exchequer bonds for	5,162,800
Treasury bonds for	8,681,000
A loan for Cape Colony	400,000
Exchequer bonds representing Suez Canal shares	3,359,000
Savings banks deficiency (annuities ceasing in 1908)	2,133,498

Total.....£105,566,215

There should be deducted £27,769,954 of loans to be repaid by towns, etc., and £3,532,040, value of the Suez Canal shares,

Leaving for the unconsolidated debt.....£74,254,221
 The general total of consolidated and unconsolidated
 debt is.....713,113,914

or about 17,829 million francs.

A table of the total national debt, consolidated or floating, including the value, calculated at 3 per cent., of the terminable annuities, recently published in the form of a Parliamentary Blue Book, shows that from April 1, 1857, to April 1, 1885, in twenty-eight years, the figure of the total debt has been reduced from £831,532,000 to £740,330,000, making a diminution of £91,000,000 sterling, or about 11 per cent.

The greater part of this reduction has been effected since 1870. From April 1, 1870, to April 1, 1885, the English debt decreased more than £54,000,000 sterling—from £794,909,000 to £740,330,000—or 6.79 per cent.

According to this parliamentary document the figures appearing at the end of each financial year, all deficiencies or augmentations accounted for, were as follows:

National debt, consolidated or floating, and including the capitalized value at 3 per cent. of the terminable annuities:

<i>Years.</i>	<i>£</i>	<i>Years.</i>	<i>£</i>
1857-58	831,532,535	1871-72	785,925,831
1858-59	828,903,588	1872-73	777,222,110
1859-60	823,153,815	1873-74	772,934,938
1860-61	822,201,900	1874-75	768,915,757
1861-62	821,646,511	1875-76	770,906,683
1862-63	821,992,158	1876-77	770,014,723
1863-64	818,184,610	1877-78	772,151,726
1864-65	813,787,695	1878-79	772,965,062
1865-66	804,524,317	1879-80	771,605,908
1866-67	802,210,413	1880-81	766,144,461
1867-68	799,839,663	1881-82	760,688,122
1868-69	799,786,247	1882-83	754,455,270
1869-70	794,909,811	1883-84	746,423,964
1870-71	789,184,466	1884-85	740,330,654

The capital of the funds created for various special objects, such as the organization of the telegraphs and others, amounts to £10,948,172.

The entire English debt is guaranteed by the total revenue of the State. It is paid on the "consolidated fund," an expression designating the general and permanent taxes; what in France is called the ordinary budget.

An annual and permanent sum is charged on the consolidated fund for the total debt. Various laws, the last being of 1884, have fixed this sum at the figure of £28,036,917. Until a new law changes this figure, this sum is taken from the ordinary resources and placed at the disposition of the Chancellor of the Exchequer or Minister of Finance. From this sum come the interest and the costs of administration of the debt; the surplus is applied to the sinking fund of the debt, operated by the purchase of securities in

the market and their conversion into terminable annuities, which are successively extinguished from year to year.

Besides this sinking fund, designated by the name of "new sinking fund," there is a sinking fund formed, according to the fortune of the budgets, from the eventual surplus of receipts over expenditures in a fiscal year. This is the "old sinking fund." Several other special funds have been created at different dates, with reference to different issues. For the current year these last special funds produce 613,000 pounds.

The sums devoted to the sinking fund, in the year 1884-1885, amounted in all (new sinking fund, old sinking fund by budgetary surplus, special sinking funds), to about 7 million pounds sterling.

The English consols are distributed over England, the English colonies, and, one may say, over the whole world; but the amount possessed by foreigners is proportionally inconsiderable. It is impossible to determine it approximately, since there is no account of the holders by country or nationality.

The Bank of England alone is charged with the care of the consolidated debt. All the securities are registered by name on the books of the bank, and the negotiations take place by means of transfer formalities required by the bank.

It is to be remarked that the Bank of England takes charge of the debt without expense to the government or to private individuals.

The bank delivers to those requesting it certificates to bearer representing the funds registered. These certificates, furnished with coupons for ten years, are divided into notes of 20, 50, 100, 200, 500, 1,000 pounds sterling of nominal capital.

The floating debt—Treasury bonds, Exchequer bonds, etc.,—is almost entirely in the possession of the Bank of England and a few great banks. The terminable annuities remain in great part in the hands of the commissioners of the debt, charged with the sinking fund. They are also held by insurance companies, savings banks, etc.

The English debt has only diminished since 1857, except two or three exceptional years which have seen an increase of 1 to 2 or 3 millions in the floating debt.* The extraordinary wants have

* In the session of Sept. 14, 1886, the Chancellor of the Exchequer announced in the House of Commons the appointment of a royal commission for the purpose of investigating all the ministerial departments and ascertaining what economies it would be possible to make.

To prove the necessity of this investigation, Lord R. Churchill showed the progress of the States expenditures by the following figures :

The budget of war and navy, which was £17,155,000 in 1847-48, amounted in 1886-87 to £31,286,000; the budget of the civil service and the consolidated debt amounted to £6,464,000 in 1848, to £19,772,000 in 1886-87; the expenses of collecting the revenue, which were in 1848 £3,963,000, amounted in 1886-87 to £10,554,000. The expenditures of these three departments rose in forty years, from £27,382,000 to £61,551,000.

generally been covered by means of the unconsolidated debt, and new funds have only been created in consequence and under the form of conversion in 1885. It is well known that the optional conversion of 3 per cents into funds of lower interest, $2\frac{3}{4}$ and $2\frac{1}{2}$ per cent., has been nearly null and void. This operation has only given £4,647,799 (nominal capital) of $2\frac{3}{4}$ per cent. funds, and about 19 millions of $2\frac{1}{2}$ per cents, of which the standard has been in existence since 1853.

The 3 per cent. consols do not differ from the other English 3 per cents, except historically. Issued for the first time in 1751, and increased by successive loans since, they offer this peculiarity, that their standard and the rate of their interest have always been invariable, and that they do not proceed from the conversion or fusion of other loans.

The English funds quoted on the Bourse of Paris are the 3 per cent. consols and the $2\frac{1}{2}$ per cents.

The certificates to bearer are alone allowed in the negotiations of the Bourse of Paris. Calculations are made with exchange fixed at 25 francs 20 a pound sterling.

The 3 per cent. consols have been quoted, for cash and on account, since April 4, 1883.

The certificates to bearer, white, drawn up in English, bear the amount of the note and the date at which each was issued. They have 20 semi-annual coupons. They are not subject in England to any stamp or transfer tax.

The $2\frac{1}{2}$ per cent. consols were allowed to be quoted for cash from November 17, 1882. The certificates are green, drawn up in English, and bear different dates, according to the period of their issue. They are furnished with 40 quarterly coupons.

The interest on the 3 per cent. consols is paid twice a year, on January 5, and July 5.

The interest on the reduced 3 per cents and the new 3 per cents is paid on April 5 and October 5.

The $2\frac{1}{2}$ and the $2\frac{3}{4}$ per cents pay their interest quarterly.

The price of the English 3 per cent. consols on the Bourse of Paris was $102\frac{1}{2}$ at the end of December, 1886.

At this quotation the price of £100 of capital, giving 75 francs 60 of interest, would be 2,583 francs, or $102\frac{1}{2} \times 25.20 = 2,583$ francs.

The price of the English $2\frac{1}{2}$ per cent. consols on the Bourse of Paris is 88 francs. Negotiations are calculated, as for the 3 per cent. consols, at the fixed exchange of 25.20 francs the pound sterling.

The quotation being 88, the price of £100 of capital, giving 63 francs of interest, would be 2,217 francs 60, or $88 \times 25.20 = 2,217$ francs 60.

[TO BE CONTINUED.]

CHARITABLE TRUSTS.*

Under the above title Mr. Chase has grouped a varied and suggestive array of facts and data relating to the origin and development of some of the leading Religious, Educational, and Charitable Trusts of Great Britain. On its face the work bears evidence of its exhaustive character not less than of the laborious fidelity with which its author has gleaned from many and widely scattered fields.

In his introduction the author says: "The charities of England have been built up in great measure from grants of land made originally by the pious and charitable." At the time of the Norman Conquest, it is estimated, about three-tenths of the landed property of the country was in possession of the church by virtue of such grants. The questionable titles under which this property was often held has been the fruitful cause of legislation even to the present time.

"The love of God and of one's fellow men has stimulated the wealthy to part with their sustenance—more frequently, rather, to leave it behind them—either for such purposes as would promote the worship of God and the spread of the Christian religion, or for the relief of mortals suffering from poverty, disease or infirmity." So closely united at first were the schools and universities with the church, that whatever was accounted a benefaction to the one was equally so to the other. The schools were emphatically the nursery of the church, and the demands of the latter proved a constant stimulant to the former. Accordingly, it is the occasion of no surprise that the gifts to the church were both numerous and ample.

One of the most natural results of this custom of church enrichment was the open resistance of the nobility to what was regarded as the undue aggrandizement of the priests. Restrictions were deemed necessary to check this material growth. So that, when Parliament, during the reigns of the First and Second Edwards, Richard II., and Henry VIII., after earlier and less successful attempts, finally succeeded in accomplishing the desired reform, it was only in accord with similar legislative action had at Rome during the third century to check like tendencies among the hierarchy. Moreover, when the Protestants gained the controlling power in England they set about to eradicate many of the illegal practices connected with the holding and entailment of land, which had grown venerable with the sanction of custom, and with permanent success. In the time of Edward VI. it was enacted that

* "Some Great Trusts of Great Britain." Extract from the Report of the Council of the American Antiquarian Society, April 27, 1887, by Charles A. Chase, of Worcester Mass.

all lands appointed to superstitious uses, so called, vested in the crown.

Among other abuses which Parliament was called upon from time to time to remedy, was that of faithlessness on the part of numerous managers of trust funds. Colleges, hospitals, schools, and almshouses had been numerous and richly endowed, but the permanent funds were too often managed for the benefit of the trustee rather than for the best interest of the charity. Parliament came to the rescue in 1601 by passing the since famous statute "to redress the misemployment of lands, goods, and stocks of money heretofore given to certain charitable uses." "This act defined what uses should be considered charitable, and therefore under special protection of the law of the land, and provided for a commission to inquire into the condition of the various trusts in the country, with power to issue orders for the faithful performance of duty by the trustees, and the proper application of the trust funds." Under this act the Universities of Oxford and Cambridge, with their colleges and halls, and also the colleges of Westminster, Eton, and Winchester, as well as all cathedral and collegiate churches, were exempted from the jurisdiction of this commission.

Still later, laws were enacted providing "that no manors, lands, or sums of money should be given for charitable uses, unless by deed executed before two witnesses twelve months before the death of the grantor, the deed to be enrolled in the Court of Chancery, or the stocks to be transferred upon the public books within six months thereafter, and the gift to take effect immediately upon the grantor's death." The evident design of this wise piece of legislation was to prevent the bestowment of land where it would be aliened, and also to provide against hasty or indiscreet disposition of property during the last moments of any person.

The last, and, we are to hope, the most enduring reform in the matter of the charitable trusts of Great Britain, was that to which Lord Brougham devoted himself with so much energy during his lifetime. He brought existing abuses to the attention of the English people in 1818, and enforced his arguments with such appalling practical illustrations of the abuse of trusts of large amount, that a searching reform was soon inaugurated.

The two most conspicuous, not to say important, trusts of Great Britain are beyond question those of the Universities of Oxford and Cambridge. Conceding the point, so long maintained by the friends of Oxford with so much pardonable fervor, that it is the more venerable of the two institutions, the author goes on to trace, in brief outline, their origin and early history.

In those early times schools were few, and teachers capable of imparting their learning widely distributed. It was necessary for

such ingenuous youth as desired knowledge to go abroad in search of teachers. Wherever good teachers were to be found, there the students gathered. It came to pass as time went on that Oxford and Cambridge were selected as abiding places by a goodly number of the pedagogic order, and hence those places gradually filled with anxious seekers after truth. The teachers had their apartments, and the students provided for themselves in lodgings; or, a number agreeing to the plan, a house was hired for their accommodation. This last came to be called a "hall." At one time, before there was any university, there were three hundred of these halls at Oxford.

During the thirteenth century an organization was effected among the large number of students and teachers gathered at Oxford, which came to be known as an "university." In 1249, William of Durham left property by will with which three houses for the use of scholars and "exhibitioners" were purchased. This foundation came to be known as "University College," and was the beginning of similar foundations there and elsewhere.

Between 1263 and 1282 there were several more exhibitions provided for poor scholars, including allowances for their support. These colleges were governed by statutes specially provided in each case. Merton College, established in 1274, was governed by statutes which continued in force until 1856. They are considered "a marvelous repertory of minute and elaborate provisions governing every detail of college life." New College, founded by William of Wykeham in 1379, has ever been conspicuous for the marvelous beauty and elaboration of its architectural appointments. Its erection and endowment marks another era in the history of Oxford.

As has already been indicated, the two leading universities of the country were not subject to the same laws as regards the matter of mortmain and the regulation of its charities as applied to other similar institutions. The laws or semblance of laws by which they were governed, had their origin during or prior to the Elizabethan era, so that under the changing order of things made inevitable by the advance of the centuries, it was impossible to apply those laws, only by putting upon them the most liberal construction. Consequently, it was within the power of a single member of the governing board to prevent any action, however desirable. Under such conditions progressive action was well-nigh impossible.

It was not until 1849 that Lord John Russell, addressing a letter to Prince Albert, then chancellor of the university, informed him that Her Majesty's Government had resolved to issue a commission of inquiry. This commission reported in 1853; and, as the result of its inquiry, in 1856, by an Act of Parliament, new statutes were issued for Cambridge, including university and colleges. Similar action had been taken in reference to Oxford in 1854.

The act provided for a governing body, to be known as the "Council of the Senate," consisting of the vice-chancellor, four heads of houses, four professors, and eight members of the senate. This body was to prepare statutes for the university, while the colleges were to prepare their own, the whole being subject to the approval of the commission and attorney-general. If not objected to by Parliament they became law. The new statutes provided for a much more liberal government of the colleges with respect to many matters of faith, degrees, and the finances.

Among other things the Act of 1856 attempted to release the vast landed wealth of the colleges and make it available for the universities, but without avail. It was found by the commission appointed to look into the matter, that in the case of the University of Oxford its landed estate comprised 319,718 acres. Of this amount 7,683 acres belonged to the university, and 184,764 acres to its colleges and halls. Of Cambridge it was reported that its entire estate comprised 127,271 acres, 2,445 acres being held by the university, and 124,826 acres by its colleges and halls. These lands were largely rented under the various systems common to English law and custom, probably the larger proportion being disposed of under the system of rack rent which corresponds to our system of common lease. The total income of the universities and colleges for 1871 was £754,405 5s. 1½d. Of this sum, £665,601 10s. 2½d. was for corporate use, and the balance was subject to conditions of trust. Of this income, 82 per cent. was external revenue, and the remainder internal—room rents, etc.

"The gross receipts, from both external and internal income, of the University of Oxford for the year 1885 were £62,106; payments, £60,499; its twenty colleges have a gross income of £436,662. At Cambridge the gross receipts of the university were £34,998; payments, £38,720; and the gross income of its seventeen colleges, £309,103. The undergraduates at Oxford, in 1885, numbered 3,090; at Cambridge, 2,894."

The report of this commission, extracts from which have been given, resulted in the creation of a sentiment which grew in breadth and intensity until, with the advent of the Conservative party to power in 1874, a marked advance in the right direction was apparent. The idea of diverting a part of the revenue of the colleges to the support of scientific research in the universities gained supporters in every quarter. Under the leadership of the Marquis of Salisbury a bill passed Parliament, in 1877, by virtue of which new sets of statutes were framed for the colleges of Oxford and Cambridge, and under which they are now maintained. The tenure of fellowships is limited; but no provision exists interfering with the marriage of fellows. Clergymen are no longer given any preference, although the English Church service is still main-

tained. The income of the colleges is divided with the universities, thus allowing the latter a wider latitude in the conduct of its affairs. Educational matters are under the supervision of one committee, the finances under that of another.

In speaking of English schools, the author finds that they occupy, "in popular estimation, a higher plane than do the training schools of this country; they seem to be coördinate with the universities rather than subordinate." In this department, too, it is found that the wealth of past generations has been freely distributed, so that the schools appear to be, for all time, upon a foundation of unexampled durability.

The best known of these schools are: Eton, Winchester, Westminster, St. Paul's, Merchant Taylor's, Charterhouse, Harrow, Rugby, Shrewsbury, and Christ's Hospital.

Winchester is the eldest, having been founded by William of Wykeham in 1387. His purpose was to afford a classical education to as large a number of youth as possible. This number was at first 70; thirty years ago it was increased to 100. This school has at different times experienced further enrichments, so that the income from its endowment now exceeds £15,000, while it holds on special trusts £60,000, with a net income of £200 from lands. It has thirty fellowships, thirty scholarships, and twenty exhibitions of the value of £50 each.

Eton College was founded in 1440 by Henry VI., who was also the benefactor of King's College at Cambridge.

St. Paul's School in London, one of the first of the class known as "free" schools, was founded by John Collett, once dean of the cathedral, "in the yere of our Lorde one thousand fyve hundreth and twelfe." He provided that "there shall be taught in the Schole Children of all Nations and Contres indifferently, to the number of One Hundred and Fifty-three, according to the number of Seates in the Schole." The property which is held for the maintenance of the school consists of houses, lands, rents, consols, and fines upon copyhold. Its income is £12,000 annually. It is said of St. Paul's that few schools of its order have educated more men who have at one time or another figured more prominently in English history.

The foundations of Rugby were laid during the sixteenth century, by Lawrence Sheriff, of London. The fame of this school, as associated with the name of Dr. Thomas Arnold, is not eclipsed in any land. The school supports eighty foundationers, and five times that number of paying students.

Harrow was founded by John Lyon, of Harrow-upon-the-hill. It was chartered by Queen Elizabeth in 1571. It was intended as a "free grammar school for the male youth of the parish."

Charterhouse received its first endowment from Thomas Sutton, a London merchant of wealth, who obtained from King James, in

1611, a license in mortmain to found "a school with a hospital or retreat for old gentlemen."

Of the other schools, and they are numerous, which have from time to time received of the bounty of the rich and charitable, and which stand to-day to attest the wisdom and penetration of their founders, we have not space to speak.

Speaking of the endowed hospitals of England, the author calls attention especially to the five royal hospitals of the city of London. They are: Christ's, St. Thomas', Bridewell, St. Bartholomew's, and Bethlehem. These are all endowed hospitals, and each has associated with it its own peculiar and interesting history. The charitably disposed have found this field of beneficence not less rich and attractive than those which minister to humanity's wants in its higher estate.

The George Peabody Trust, in which Americans have always evinced a peculiar interest, in that its founder was an American, is said to be still "unique among the charities of Great Britain." First and last, Mr. Peabody gave a round half-million pounds, which was placed in the hands of trustees to be used for the benefit of the poor of London. In the execution of the trust a new departure was taken. In the very heart of London land was purchased, and substantial tenement houses erected thereupon. These tenements, convenient and healthful, were leased at moderate rates. The income desired and secured was simply enough to pay expenses and have a narrow margin to apply to the original fund annually. This accumulated income, when of sufficient magnitude, was in turn used in the same manner. This system of charity, inaugurated twenty-five years ago, had reached, in 1886, the following proportions: Number of inhabitable rooms, 11,150, furnishing comfortable homes to 20,228 persons; average rent, fifty cents a week for each room occupied, including free use of courtyard, bath-room, and laundry in every block. The net gain on the investment, in 1886, was £29,656; from the beginning it has been £410,668, which is more than 82 per cent. of the principal.

Previous to 1411, when the University of St. Andrews was founded, there were no colleges in Scotland. Balliol College, Oxford, was founded by Scotchmen, and here and at the Scottish College in the University of Paris, most of the youth of that kingdom desiring the higher education were found. At the present time no universities occupy a higher educational prominence, or represent a more munificent endowment, than those of Scotland.

Thus it has come to pass in the providence of God, that, through the bounty of the rich and charitable, many of those institutions which minister to the welfare of men in their moral, intellectual, or physical estate have been founded, and will be perpetuated through all time.

WM. WOODWARD.

MONETARY STATISTICS.

From the carefully prepared report of Director Kimball, of the Mint, or from compilations of figures found in that document, the following statistics relating to amounts and kinds of money are presented :

FORM AND LOCATION OF THE MONEYS OF THE UNITED STATES AND THE BULLION IN THE MINTS AWAITING COINAGE, JULY 1, 1887.

(Exclusive of minor coin and minor coinage metal.)

<i>Character.</i>	<i>In Treasury.</i>	<i>In National Banks.*</i>	<i>In other Banks and General Circulation.</i>	<i>Total.</i>
METALLIC.				
Gold bullion.....	\$85,512,270	....	....	\$85,512,270
Silver bullion.....	4,091,414	....	....	4,091,414
Silver bullion (melted trade dollars)	6,364,236	....	....	6,364,236
Gold coin.....	192,368,915	†\$98,137,439	\$278,501,711	569,008,065
Silver dollars.....	211,483,970	6,343,213	49,162,934	266,990,117
Subsidiary silver coin.....	26,977,493	2,813,138	45,757,168	75,547,799
Total.....	\$526,798,298	\$107,293,790	\$373,421,813	1,007,513,901
REPRESENTATIVE.				
Legal-tender notes.....	† 28,783,796	74,478,342	243,419,878	346,681,016
Old demand notes.....	....	....	57,130	57,130
Certificates of deposit.....	310,000	7,810,000	960,000	9,080,000
Gold certificates.....	30,201,380	54,274,940	36,950,497	121,426,817
Silver certificates.....	3,425,133	3,535,479	138,582,538	145,543,150
National bank notes.....	197,046	22,962,737	256,058,005	279,217,788
Fractional paper currency.....	2,366	564,266	6,380,332	6,946,964
Total.....	\$62,979,721	\$163,624,764	\$682,408,380	\$909,012,865

PROVISIONAL STATEMENT OF STOCK OF GOLD AND SILVER COIN IN THE UNITED STATES, NOVEMBER, 1887 :

<i>Date.</i>	<i>Gold Coin.</i>	<i>Silver Coin.</i>			<i>Total Gold and Silver Coin.</i>
		<i>Full Legal Tender.</i>	<i>Subsidiary.</i>	<i>Total Silver.</i>	
	\$	\$	\$	\$	\$
Last official statement, July 1, 1887.	569,008,065	266,990,117	75,547,799	342,537,916	911,545,981
Gain subsequent to above statement (estimate).....	5,919,808	10,120,040	210,387	10,330,427	16,250,235
Estimate for November 1, 1887.....	\$574,927,873	\$277,110,157	\$75,758,186	\$352,868,343	\$927,796,216

* The statement of the amounts in national banks is of date August 1.

† Includes \$24,044,000 gold clearing-house certificates.

‡ Includes \$8,770,000 held for the redemption of certificates of deposit for legal tender notes under act June 8, 1872.

FORM AND LOCATION OF MONEYS, MARCH 1, 1885.

	<i>In Treasury.</i>	<i>In Circulation.</i>	<i>Total.</i>
METALLIC.			
Gold bullion.....	\$64,732,611	....	\$64,732,611
Silver bullion.....	3,991,129	....	3,991,129
Gold coin.....	175,297,231	\$340,850,065	516,147,296
Silver dollars.....	153,561,007	40,686,187	194,247,194
Subsidiary silver.....	30,244,836	44,352,839	74,597,675
Total.....	\$427,826,814	\$425,889,091	\$853,715,905
REPRESENTATIVE.			
Legal tender notes.....	\$48,926,821	\$297,754,195	\$346,681,016
Old demand notes.....	....	58,100	58,100
Certificates of deposit.....	380,000	30,200,000	30,580,000
Gold certificates.....	40,426,930	112,683,290	153,110,220
Silver certificates.....	29,951,880	111,407,951	141,419,831
National bank notes.....	2,180,786	314,409,436	316,590,222
Fractional paper currency.....	3,756	6,964,550	6,968,306
Total.....	\$121,870,173	\$873,537,522	\$995,407,695

FORM AND LOCATION OF MONEYS, NOV. 1, 1887.

	<i>In Treasury.</i>	<i>In Circulation.</i>	<i>Total.</i>
METALLIC.			
Gold bullion.....	\$120,202,502	....	\$120,202,502
Silver bullion.....	4,721,996	....	4,721,996
Melted trade dollars.....	6,961,036	....	6,961,036
Gold coin.....	182,342,103	\$392,585,770	574,927,873
Silver dollars.....	214,175,532	62,934,625	277,110,157
Subsidiary silver.....	24,468,135	51,290,051	75,758,186
Total.....	\$552,871,304	\$506,810,446	\$1,059,681,750
REPRESENTATIVE.			
Legal tender notes.....	\$22,476,066	\$324,204,950	\$346,681,016
Old demand notes.....	....	57,105	57,105
Certificates of deposit.....	170,000	7,215,000	7,385,000
Gold certificates.....	32,858,158	99,684,773	132,542,931
Silver certificates.....	3,451,494	160,713,957	164,165,451
National bank notes.....	156,818	267,643,294	267,801,112
Fractional paper currency.....	1,372	6,942,544	6,943,916
Total.....	\$59,173,903	\$866,461,623	\$925,575,531

The showing, therefore, of aggregate active circulation at the two dates in question was as follows:

Metallic money.....	\$425,889,091	\$506,810,446
Representative paper.....	873,537,522	866,461,623
Total.....	\$1,299,426,613	\$1,373,272,069

There has been then an expansion in the currency of \$73,845,456 in the two years and eight months of the present administration.

POWER OF BANK PRESIDENT.

COURT OF APPEALS OF KENTUCKY.

Wheat v. Bank of Louisville.

The appellee, a banking corporation, was a creditor to a large amount of the firm of W. & D., and its president, without express authority, and without advising the directors, agreed to a composition between the firm and its creditors. The directors held meetings between the time of the failure of W. & D. and the proposal of a composition, and also between the time of the proposal and the time of the acceptance of the composition. The board took no action in the matter, but at its meetings each member had expressed opposition to a compromise. There was no evidence of any custom of the president to act in such matters. *Held*, that the action of its president was not binding on the appellee.

In order that the circumstances of a particular case may be sufficient to raise a presumption of authority in a bank president to bind the bank in matters beyond the scope of his usual authority, the bank must in some manner be a party to the circumstances, or must be chargeable with knowledge of them.

Where an answer, in setting up an agreement with a bank, merely averred that the bank was represented by its president, but did not aver any authority in the president to represent or bind the bank, and the reply denied the alleged agreement, but did not aver that the president had no authority to act for it, *held*, that the authority of the president was in issue.

HOLT, J.—Wheat & Durff, doing business as merchants, made an assignment for the benefit of their creditors. The trustee instituted this action to settle the trust. The appellee, the bank of Louisville, having been made a defendant, asserted a considerable indebtedness against the firm, and made its answer a cross-petition against its members. The appellant, John L. Wheat, alone filed an answer to it. He does not deny the indebtedness, but avers that shortly after the failure the creditors, at a creditors' meeting, agreed with Wheat & Durff and each other to accept 50 per centum of their claims in full discharge thereof; and that the bank so agreed, being represented at the meeting by its president. The answer further avers, as the indebtedness of the firm to the bank was evidenced by paper which it had indorsed to it, and upon which other parties were previously liable, that, subsequent to the making of the composition agreement, it was further agreed between Wheat & Durff and the bank that the latter should collect the indebtedness so far as possible from those first liable therefor, and when no more could be collected, that then Wheat & Durff should pay to the bank 50 per centum of the amount uncollected, and in consideration thereof be discharged from all further liability. The bank by a reply denies that it ever made either agreement; and it is now insisted that, inasmuch as it does not aver that its president had no authority to act for it at the creditors' meetings, this must be taken as *pro confesso*, and his action considered as its action. The answer, however, does not aver that the appellee's president had authority to agree to the composition, but merely says that the bank was represented at the two creditors' meeting by its president, without averring that he was authorized to so represent it, and that the bank agreed to the settlement. Upon this state of pleading, the authority of its president to bind it by any such agreement must be regarded as an issue.

The evidence is somewhat conflicting as to whether all of the creditors present at the creditors' meeting, or the president of the bank, did then

agree to the composition. The decided burden of the testimony, however, supports this view, and we think it may be safely so assumed. The appellant testifies that the second agreement above named was made with the appellee's president alone, so that, when the appellant now urges that the bank's recovery should be confined to a sum equal to 50 per centum of its debt, the question arises whether it is bound by the action of its president as above indicated. If it be answered in the negative, then it will be necessary to consider the other questions that have been ably presented in argument. The charter of the bank gives him no such power. It provides that the administration of its affairs shall be under the control of a board of directors. It is conceded in argument, upon the part of the appellant, that he had no express authority to so bind the bank, and that he never advised its board of any such action by him. Neither is it contended that he, *virtute officii* merely, could compromise or release its debt. It he had such power, it must be traced to the assent of the board of directors, either express or implied. In truth, the position of president of a bank is one of dignity rather than power. There is an indefinite general responsibility attached to the place. He is expected to watch more closely the daily transactions of the bank than the other directors; and while they, or usage, may confer upon him special powers, and extend his authority, yet that inherent in the position is very slight. Indeed, it seems by judicial decision to be confined to taking charge of the litigation of the bank. Mr. Moore says: "The same species of limitation in the power of the president forbids him to surrender or release claims of the bank against any person, from whatsoever source arising, or to stay the collection of an execution against the estate of a judgment debtor. For either of these acts is the exercise of a discretionary authority over the affairs and property of the bank, which is the peculiar and exclusive province of the directors." Moore, Banks & Bkg., 133. This is the general rule; and, undoubtedly, he has no power by virtue of his office to bind the bank in an unusual manner, or in any undertaking outside of its customary routine of business. No authority goes beyond this line. It was held in *Smith v. Lawson*, 18 W. Va. 212, that the president of a bank could not transfer or assign a note belonging to it; in *Olney v. Chadsey*, 7 R. I., 224, that he could not surrender the securities held by his bank to secure a debt; in *Hodge's Ex'r v. Bank*, 22 Grat., 51, that he had no right to release a debt owing to his bank; and in the case of *Bank v. Dunn*, 6 Pet., 51, that his agreement that the indorser upon a note should not be liable was not binding upon the bank.

It is contended, however, that the president of the appellee acted under such circumstances as to raise the presumption that he was empowered by it to so act; and that, third parties being therefore equitably entitled to rely upon his representations, the law will presume the authority, and hold the bank bound by his action, if not *ultra vires*, although in point of fact he had no such authority, or was even acting in violation of the instructions of its board of directors. The bank must, however, in some way be a party to such circumstances, or chargeable with notice or knowledge of them, in order to so hold; and this record fails to exhibit such a state of case. It is true that the appellee's debt was a large one, and its directors were therefore likely to watch closely whatever steps were taken looking to its payment, or the settlement of the trust estate. They held several meetings between the time of the failure of Wheat & Durff and the first creditors' meeting, when the composition was proposed; and also between such first meeting and the second one, when it was accepted. They probably knew their president

attended these meetings; but these circumstances did not, in our opinion, authorize third parties to presume that they had given the president unlimited authority in the matter, or the power to agree to a composition of the debt. In fact, the evidence shows that while no vote had been taken in the board of directors, yet each member had at its meetings expressed himself as opposed to accepting anything less than the full amount of it. The president of a corporation may without express authority perform all acts which are properly incident to the trust reposed in him, or which necessity or custom may impose upon the office. The release or composition of a debt due to a bank, however, is a matter peculiarly within the province of its directory. If there be any matter which more than any other falls within the scope of their duty, it is this one, because it not only affects the prosperity of the institution, but may involve its very existence. Necessity does not require the president to exercise his judgment alone as to it; indeed, the proper management of a bank dictates that he should not do so, and it is not, therefore, a matter incident to the performance of his duty. There is no evidence whatever in this record that it had been customary for the president of the appellee to control such matters, or to agree to the release or composition of the debts of the bank, without express authority from its directory, and we fail to see upon what ground third parties had an equitable right to believe that he had such power. If he had been in the habit of doing so by the consent or with the knowledge of the directors of the bank, or if they by act or conduct had held him out to the public as authorized to do so, then a proper policy, as well as common justice to third parties dealing with him in good faith, would estop the appellee from now denying his authority. It not having done so, and having in no way authorized, recognized, or ratified his action, it is not bound by it; and the judgment below for the entire debt must therefore be, and is, affirmed.

PLEDGED RECEIPTS FOR PAYMENT OF NOTE.

COURT OF APPEALS OF MARYLAND.

Street v. The Old Town Bank of Baltimore.

A note signed by S recited that "the railroad company having given its note to the Old Town Bank and pledged its receipts for the month of May in payment of the same, I hereby agree and promise, in case of default in the payment of said note, to pay to the Old Town Bank, &c." A resolution of which the bank had knowledge was passed by the company, directing its receipts to be applied to the payment of the note.

It was held that this resolution and the railroad company's agreement with S did not constitute an irrevocable pledge of the receipts for the payment of the note which the bank was required to fulfill by applying them on the note; that it was no party to any agreement between the company and S to carry out a pledge which the company had made to him, and, therefore, the company having failed to pay the note at maturity, S was liable.

MILLER, J.—The Maryland Central Railroad Company had for several years made its deposits in the Old Town Bank. These were checked out by the company's check from time to time, signed by its treasurer, and the usual depositors' account was kept by the bank. The company needed money to pay the interest on its bonds, which fell due on the 1st of May,

1884, and applied to the bank for a loan of \$5,000. The bank refused to discount the company's note for that sum, unless each of its twelve directors would give his individual note for \$500 as collateral security therefor. This was agreed to, and the company's note for \$5,000, payable at thirty days, and dated the 1st of May, 1884, was accordingly discounted, and the proceeds placed to the company's credit in its account. The individual notes of the directors (one of whom was the defendant) all bear the same date, 1st of May, 1884, and are all in the same form. Street's note is as follows:

"BELAIR, May 1st, 1884.—The Maryland Central Railroad having given its note of even date herewith to the Old Town Bank of Baltimore for the sum of \$5,000, payable thirty days from date, and pledged its receipts for the month of May in payment of the same, I hereby agree and promise, in case of default in the payment of said note at maturity, to pay the Old Town Bank of Baltimore, thirty days from this date, the sum of five hundred dollars.—J. M. STREET."

Just prior to the giving of these notes, on the 25th of April, the board of directors of the company passed a resolution to the effect "that all funds accruing in the treasury of this company during the month of May next shall be set apart and applied to the payment of the interest of the first mortgage bonds of this company falling due on the first day of said month, or so much of said funds as shall be necessary to pay said interest," and we shall assume that the bank had knowledge of this resolution at the time it discounted the company's note and received the collateral notes from the directors.

The receipts were duly paid into the bank, and the latter, by order of the company, paid the interest coupons on their bonds. The aggregate amount of the receipts, including the proceeds of the \$5,000 note, was more than sufficient to pay the interest and this note, if the company had permitted it to be so applied. But during the running of the note the company checked out from the bank more than \$25,000, so that at its maturity the bank had no funds in hand to apply to the note. In fact, the company's account was overdrawn on the 1st of May about \$2,000, and on and after the maturity of the note was always overchecked. The authority of the treasurer to draw checks upon the bank was never countermanded by the company save by the resolution above cited, which related merely to the payment of the interest, and no notice of any countermand was ever given to the bank except as conveyed by that resolution. In the following autumn of 1884 the company passed into the hands of a receiver, and its note not having been paid, the bank brought suit against those of the directors (including the appellant) who had refused to pay their individual collateral notes.

The action is defended upon the theory that the resolution and the agreement between the company and Street, recited in the latter's collateral note, constituted an irrevocable pledge of the receipts for the payment of the \$5,000 note, and neither the company nor the bank had any right to apply the money to any other purpose until that note and the unpaid coupons were provided for and paid, and as the receipts were sufficient for that purpose, the note was in fact paid before its maturity.

But we think it clear that this position is not tenable. The resolution simply set apart so much of the funds accruing in the company's treasury as may be necessary for that purpose, to pay the interest on its bonded debt, and this was carried out by the company by directing the bank to pay and take up the interest coupons, which the bank accordingly did, and it still holds these coupons, as between the company and the directors who gave these collateral notes the relation of principal

and surety existed, and the bank was the creditor to whom the security was given. One of these notes was given by the appellant, Street, and it is before us for construction. It recites that the company had "pledged" its receipts for the month of May for the payment of its \$5,000 note, and it is true that the bank, when it received his note, had notice by this recital of that pledge or promise, but by his note his promise to the bank was to pay to it in thirty days the sum of \$500 "in case of default in the payment of the company's note at maturity." That note was not paid at maturity, and Street's obligation to the bank became absolute. This, as it seems to us, is the obvious construction and effect of this instrument.

The bank was no party to any agreement between the company and its sureties, entered into no obligation to carry out any pledge the former had made to the latter, nor did it agree or assent to receive the money and apply it in accordance with such pledge. Mere notice or knowledge that such a pledge or promise had been given by the company to the sureties clearly would not have justified the bank in refusing to pay the checks afterwards drawn upon it by the company. The case is quite different from that of *Baughner v. Duphorn*, 9 Gill, 314, which was specially relied on by the appellant's counsel. In that case a vendee of lands gave to the vendor bonds with sureties for the payment of the purchase money, and at the same time agreed with his sureties that he would deliver bark taken from the land to a certain firm and apply the proceeds to the payment of the bonds. The vendee assigned the bonds to one of the firm, who were not parties to this contract, but who afterwards assented that the proceeds of bark should be so applied, and the bark was then delivered to them in accordance with this arrangement, and they sold it and received the proceeds. In this state of facts the court very properly held that it was not competent for the obligor in the bonds and the firm to apply the proceeds of the bark to any other purpose without the consent of the sureties, and that these proceeds constituted a fund dedicated to the payment of the bonds, and the assignee of the bonds having had notice of this fact, and having assented to such dedication, the fund in his hands was applicable to the bonds in the first instance, and as soon as he received it the law applied it to their payment.

But here there was no such assent on the part of the bank, nor any such tripartite agreement between the bank, the sureties, and the company. The bank simply received the moneys of the company on deposit, and was bound to pay them out on the depositor's checks. When asked to discount the company's note, it refused to do so without receiving these individual notes as security, and they were given. Street no doubt gave his note upon the assurance by the company that its receipts for the month of May were pledged or should be applied to the payment of the note for which he became surety, but the company failed to keep this promise or pledge, and for this failure it is neither reasonable nor just that the bank should be held responsible.

From this view of the cases it follows that there was no error in the rulings of the court below upon the prayers, to which alone exception was taken, and the judgment must be affirmed. Judgment affirmed.

JURISDICTION OF A FOREIGN BANK IN A STATE COURT.

SUPREME COURT OF GEORGIA.

Continental National Bank and Another v. Folsom.

By Acts Cong. 1st Sess. 1882, the jurisdiction of suits by and against national banks, except where the United States is a party, is declared to be the same as that of similar suits by or against other banks. Since any non-resident person, natural or artificial, who brings attachment in a local court, may be sued in that court on his attachment bond, a national bank cannot claim any exception.

The provision of Code Ga. § 3,354, that in a suit on an attachment bond, service of notice on the resident surety is service on his non-resident principal, is not unconstitutional as depriving the latter of his property without due process of law, or destroying his equality before the law. By voluntarily seeking an extraordinary statutory remedy in another State, the plaintiff subjects himself to the statutory liability implied thereby.

The Continental National Bank of New York sued L. B. Folsom, of Georgia, and attached his real estate, located in Atlanta. To make this attachment it was necessary for the bank to give the bond with surety set forth in the beginning of the opinion of the court. Afterward Folsom sued the bank and the surety, Wallace. The bank defended on the ground that it was a foreign corporation and could not be sued in a State court. Folsom claimed that the bank, by instituting the attachment proceeding and giving the bond above mentioned, had put itself within the jurisdiction of the court.

HALL, J.—The Continental National Bank sued Folsom and Campbell Wallace, on an attachment bond, which is as follows:

“GEORGIA, FULTON COUNTY.

“We, the Continental National Bank, of New York, principal, and . . . security, acknowledge ourselves bound unto L. B. Folsom in the sum of fifteen hundred dollars, subject to the following conditions: That the said Continental National Bank of New York principal, is seeking an attachment against the said L. B. Folsom, which is now about to be sued out, returnable to the June term, 1881, City Court of the city of Atlanta, district and county aforesaid: Now if the said bank, principal, shall pay all damages that the said L. B. Folsom may sustain, and also all costs that may be incurred by him in consequence of suing out such attachment, in the event that the said plaintiff shall fail to recover in said case, then this bond is to be void.

[L. S.]

“CONTINENTAL NATIONAL BANK OF NEW YORK,

“By G. A. HOWELL, its Atty. at Law.

“CAMPBELL WALLACE.

[L. S.]

“Executed in presence of C. D. WOODSON, Notary Public, Fulton Co., Ga., this fifteenth day of December, 1879.”

The defendant filed a plea to the jurisdiction, to the effect that it is a national bank of the United States, having its being and doing business under a charter granted pursuant to Acts of Congress, and by virtue thereof it is not liable to suit anywhere, except in the courts of the United States, within the district where established, and in the State and municipal courts therein having jurisdiction in similar cases, and that it is not located in the State of Georgia and county of Fulton, but in the State of New York, and in the city and county of New York. Afterwards the plea was amended, to the effect that the said bank had not been served with process or otherwise in said case, “unless service on said defendant,

Campbell Wallace, as security, as set out in the declaration in said case, under section 3,354 of the Code of Georgia, be held to be legal service on the defendant, which the defendant denies, and says that said section of the Code is unconstitutional, and the pretended service on the defendant is illegal."

The plea and amended plea were both stricken on demurrer, and the jurisdiction retained, and error is assigned on that judgment. So that the first question made by this record is whether on an attachment bond given by the plaintiff in attachment, with local surety thereon, given as a condition precedent to his procuring the writ of attachment under the statutes of this State, it cannot be sued for damages, incurred by breach of the bond, in the courts of this State, but must be sued thereon within the State and county where it is located to do business; or, in other words, whether the laws of the United States restrict the jurisdiction wherein the national banks, created under them, can be sued to courts within the States and districts where they are severally located, in a case where the bank sought the forum or venue to bring a suit itself, and in order to sue there voluntarily gave a bond as a condition precedent to bringing that suit and broke that bond, and is sued for that breach. The second question is whether service upon it by serving its surety within the State, provided by the statutes of the State in such cases, is legal service upon the bank, in such a suit for breach of the bond brought against principal and surety under the constitution of the State.

The first question depends entirely upon a construction of the statutes of the United States relating to these national banks in respect to the courts wherein they may be sued. In the Revised Statutes, section 5,136, par. 4, it is declared that they have power "to sue and be sued, complain and defend, in any court of law and equity, as fully as natural persons." This section is nowhere altered, and in no particular amended, by any addition to itself in any subsequent legislation of Congress; but there is an addition by way of amendment to section 5,198, that reads as follows: "That suits, actions, and proceedings against any association under this title, may be had in any circuit, district, or territorial court of the United States, held within the district in which such association may be established, or in any State, county, or municipal court in the county or city in which said association is located, having jurisdiction in similar cases." Rev. St. U. S. (2d Ed.) § 5,198; Supp. to Rev. St. p. 141. If this amendment of the eighteenth of February, 1875, had been designed to change the jurisdiction given by section 5,136 to all courts, as fully as those courts have jurisdiction over natural persons, and to confine it to a particular territory or locality, in all cases of grievance whatsoever of these banks, the question suggests itself, why was it annexed as an amendment to section 5,198, and not to the jurisdictional section of 5,136? Section 5,198, treats only of interest beyond that allowed these banks, and provides for the recovery, by the person from whom such interest is exacted, of twice the entire interest paid. So that, as amended, the section as it now reads would make it apply to suits for the recovery of the forfeiture of double the interest paid, where usury is exacted, and would confine the change of jurisdiction granted in section 5,136 to those suits, and no others. The words "under this title," may well be construed to describe the sort of association—that is, as *descriptio personæ*; and the words "in similar cases" be construed as referring to cases like those indicated in this section 5,198. Why appended to section 5,198, and not to 5,136 of the Revised Statutes, unless restricted to suits within section 5,198? Reference to the act itself (chapter 80. p. 316, 18 U. S. St. at Large,) will make the point much stronger. The act is entitled, "An

act to correct errors, and to supply omissions in the Revised Statutes of the United States," and it amends the sections of the entire Code, known as the Revised Statutes, severally, section by section, beginning with section 65 of that Code, and ending with 5,515; and it enacts that each section is amended in a particular way; and when section 5,198 of the Revised Statutes is reached the language used is the following: "Section five thousand one hundred and ninety-eight is amended by adding thereto the following: 'That suits, actions, and proceedings against any association under this title may be had in any circuit, district, or territorial court of the United States, held within the district in which such association may be established, or in any State, county, or municipal court in the city or county in which said association is located having jurisdiction in similar cases.'"

The amendment is of this section—none other—so far as appears from the words of the act, and, it seems to us should be restricted to cases arising under the section so amended. The section giving jurisdiction generally is untouched in words by this amendment; and the question is, shall the jurisdiction, broad as that of natural persons, granted in section 5,136, be totally changed in all cases by an amendment of a section that treats only of one class of cases? Are there any words in the amendment that necessarily imply the repeal of the grant by section 5,136 of the jurisdiction of all courts, federal and State, by this amendment of a single section, not on the subject of jurisdiction at all, but on but one class of suits for the recovery of usurious penalties? We cannot so see, nor would we so misconstrue the amendment to section 5,198, unless we are controlled by some decision of the Supreme Court of the United States thereon. In *Casey v. Adams*, 102 U. S., 66, that court does appear to have given it a broader construction, and to extend the scope of this amendment to transitory actions generally, and not to confine it to actions for usurious penalties. The Chief Justice, in delivering the opinion, says: "The federal question in this case is whether a national bank can be sued in a State court, in a local action, in any other county or city than that where the bank is located." So it would appear that the mind of the court was upon the single point whether a local action could be maintained upon section 5,198. It is strongly intimated, *arguendo*, that transitory actions cannot be brought, except as provided in this amendment; for it is said that "by section 5,198, Rev. St., it is provided that suits, actions, and proceedings against any association under this title [*The National Banks*] may be had," etc.; and then it is added: "This, we think, relates to transitory actions only, and not to such actions as are by law local in their character," thereby implying that it does relate to all transitory actions. Then the court, in that case, through the Chief Justice, goes on to argue that the case pending is local, and could be brought against the bank in a State court in Louisiana, because it related to property in the parish of La Fourche, which had been sold under process of a State court, and the proceeds were for distribution there, and the question was a conflict of privileges among creditors. The mind of the court was never directed to the fact that this restriction of jurisdiction, as given by section 5,136, was by an amendment of section 5,198 alone, and not by amendment of the jurisdictional section 5,136. It is construed as if it had always been a part of that section made contemporaneously with section 5,136.

The principle there decided, however, is clearly that section 5,198, as it now stands, does not apply to local actions at all, and, therefore that, it cannot be construed as taking away the general grant *in toto*, because it distinctly excepts that large class of cases *in rem*, and not only those,

but all relating thereto, touching the proceeds of property, and proceedings against the bank as defendant to issues made thereon. There is no exception of local actions at all in the amendment. It covers "suits, actions, and proceedings," without exception, and in *Casey v. Adams* the court held that it did not necessarily embrace all, and thereby declared it not to be law, as respects some actions, suits, and proceedings, and, in that particular proceeding against the bank, that it did not apply, because it would be wholly unreasonable if applied to suits that from their nature could be better tried as a natural person, under the 5,136th section of the Revised Statutes, than under this amendment to section 5,198. And it might well be so decided, because the amendment is not imperative. The word "may," and not "must," is used in section 5,198, as amended. If held to repeal section 5,136, and to annul the jurisdiction therein given, certainly no such doubtful word as "may" could have been used, but the unmistakable "must" would have been employed in its stead. Further, the amendment would have expressed exclusive jurisdiction in the courts named in the amendment, had it been intended to embrace all cases, and to exclude all courts except those named. See section 629 of the Revised Statutes, pars 10 and 11, where original, but not exclusive jurisdiction is granted under title "Judiciary," c. 7, § 711, *et seq.*, where exclusive jurisdiction is granted. In the one the words used are, "shall be exclusive of the courts of the several States;" in the other, "shall have original jurisdiction," are the words used, which do not give jurisdiction exclusive of State courts, because words saying so, beyond cavil, are not used. The word "may," being merely permissive, cannot possibly be construed to mean that exclusive jurisdiction was meant in this amendment, but concurrent only. *Clafin v. Houseman*, 93 U. S., 130; *Cooke v. Bank*, 52 N. Y., 96, 98, 101, 105-109; *Robinson v. Bank*, 81 N. Y., 385, 391; *Holmes v. Bank*, 18 S. C., 31; *Banking Ass'n v. Adams*, 3 Woods, 21, 24, 25; *Houston v. Moore*, 5 Wheat 1. Where Congress means exclusive jurisdiction it says so; and the citation above, from the Revised Statutes, and from the courts, would seem to make it apparent.

Certain it is that the courts named in this amendment of section 5,198 have not exclusive jurisdiction of all cases against these banks, for the construction put upon it, in a case made on a local action, or suit, or proceeding, in a State court of Louisiana, took that case (*Casey v. Adams*), and all cases local in character, without their exclusive jurisdiction, and gave concurrent jurisdiction to the State court having jurisdiction of natural persons in such cases; thus breaking the force of the amendment as it reads, and taking without its operation all local actions, and giving jurisdiction to other courts, certainly concurrent, in some cases necessarily exclusive even of the courts named in the amendment.

The case now before us is local, and so local that the only court upon earth that can try it upon the bond sued against this bank and its surety, is the court in Georgia, in the county of Fulton. The bank began the litigation by the seizure of Folsom's property, real estate in Atlanta, by attachment under a local statute of this State. It had sued Folsom, as surety for Hape, on a promissory note, and pending that suit attached the property of Folsom by levy upon several city lots, under section 3,297, 3,297a, and following sections of the Code; and in order to attach, to procure the writ, as a condition precedent thereto by the statute allowing it to attach, it gave the bond sued on, with Campbell Wallace, of the city of Atlanta, and State of Georgia, and county of Fulton, as surety on the bond. Code, §§ 3,266, 3,297a. These sections require the bond to be given before the writ can issue; the language in 3,266, which is the general law of attachment, being that "the party seeking the attachment, before

the same issues, shall also give bond with good security in an amount," etc.; and in 3,297*a*, which is intended for special cases against fraudulent debtors, as in this case, the language is: "And in all cases where an attachment is brought against the fraudulent debtor, the officer issuing the same shall require bond and security of the applicant for attachment, as in other cases of attachment."

For the reasons above stated by the late Chief Justice, we are of opinion that section 5,136 was neither repealed nor modified by section 5,198 of the Revised Statutes. There is no conflict between the two sections, but each may have full operation without interfering with the other, except so far as suits for the recovery of excessive interest are concerned. Be this as it may, since the foregoing part of this opinion was agreed upon by the court, and written by the late Chief Justice, our attention has been, called to the proviso contained in section 4 of an Act of Congress, approved July 12, 1882, entitled, "An act to establish national banking associations, to extend their corporate existence, and for other purposes." The proviso designates the courts in which suits by and against such banking associations are cognizable, and regulates the terms upon which the jurisdiction attaches. It is in the following words: "That the jurisdiction for suits hereafter brought by or against any association established under any law providing for national banking associations, except suits between them and the United States, or its officers and agents, shall be the same as, and not other than, the jurisdiction for suits by or against banks not organized under any law of the United States, which do, or might do, banking business, where such national banking associations may be doing business where such suits may be begun. And all laws and parts of laws of the United States, inconsistent with this proviso be and the same are hereby repealed." Acts 1st Sess. 47th Congress, U. S. 1882, p. 163. This act was of force at the commencement of the present suit, and by its terms made the banking association subject to the jurisdiction of our courts, if a local banking institution of the State and city of New York, where it is located and doing business, would under similar circumstances have been subject to their jurisdiction. It has, as we think, been demonstrated that a non-resident artificial person, seeking the aid of our State tribunals, to enforce demands due to such a person, by resorting to the process it did in this case, would voluntarily bring itself within this jurisdiction, and when once it has submitted itself to such jurisdiction, it could not withdraw without complying with the conditions on which alone it was permitted to enter and avail itself of the extraordinary remedies afforded by our laws.

This suit on the attachment bond was brought against the Continental National Bank of New York, located and doing business in that State and city, as principal in said bond, and against Campbell Wallace, of Fulton county, Georgia, as security on said bond, and a copy of the petition and process was served on the said security to the bond given by the plaintiff in the attachment, which, according to the provision of our Code, § 3,354, was service upon his principal, and entitled the plaintiff in this action to proceed with his suit against both principal and security. Without entering into this obligation, and subjecting itself to the remedy thus provided, in case of a breach of the condition of the bond, the defendant in the attachment could never have been called into our courts, to answer by this process of attachment the demand of the plaintiff therein. In our opinion, the remedy afforded by the law to the defendant in the attachment, upon a breach of the condition of this obligation, was as much a part of such bond as though it had been expressly stated therein. It was the indemnity offered him, and which he was bound to accept.

This, it seems to us, is that "due process of law" without which no State can deprive any person of life, liberty, or property, and we are unable to perceive how the enactment in question can be considered as denying to any person within its jurisdiction the equal protection of its laws. The statute applies alike to both resident and non-resident citizens, whether they be natural or artificial persons. This law does not, in our opinion, conflict with the fourteenth amendment of the constitution of the United States. It would be a mere waste of time to cite the numerous authorities upon the question, which may be found scattered through the reports, and collected in the various works on constitutional law. Judgment affirmed.

THE OFFICE OF PUBLIC EXAMINER—A MINNESOTA NOTION.

The following address by the Hon. Henry M. Knox, Public Examiner and ex-officio Bank Superintendent of Saint Paul, Minnesota, was read at the last Bankers' Convention:

"To the ordinary work of a Bank Examiner having the supervision of fifty-five banks rapidly increasing in number, three recently organized trust companies, seven savings banks under five different acts, add the examination of the State treasury with its auditing office, the duty of visiting and supervising the books and financial accounts of the several public institutions of the State (including two State prisons, three hospitals for the insane, the State University and four normal schools, the Institute for the Deaf, Dumb and the Blind, Idiots and Imbeciles, the State Reform School, the School for Indigent Children, and the Soldiers' Home)—weight this down with the care of eighty counties, each having eleven officers whose accounts should be examined, and the proceedings of whose two accounting officers, with their local board of commissioners, are expected to be gone over in detail annually, and you have that phenomenon which in the West is called 'The office of the Public Examiner.'

"I am by request to give you something of the history and objects of this office, and the methods by means of which its efficiency is secured. The limits of your time will admit of but a most condensed statement.

HISTORY.

"The office of Public Examiner for the State of Minnesota was created by the Legislature in 1878, the present incumbent assuming his duties on May 1, of that year. It has therefore been in operation something over nine years. Its establishment is due mainly to the energetic efforts of the Hon. John S. Pillsbury, the Governor of the State. Its main purpose was to control the actions of the county treasurers, whose accounts had fallen into a state of chaos, and whose numerous defalcations had created general alarm. The State treasury and the public institutions were naturally placed under its supervision, and the banks (but thirteen in number at that time with seven savings associations) were included as a sort of annex. The annuity, safe deposit and trust companies, since incorporated, were placed under the same supervision.

OBJECTS AND METHODS.

"(1.) *Moneyed Institutions.*—As to the objects to be attained and the methods to be pursued under the act in its relation to the moneyed corporations, they may be dismissed, as they are not other than those with

which you are familiar under the National Bank Act. But in passing from this division of my subject and remembering that I address a body of practical bankers, I may properly add a word in reference to the banks and bankings laws of our State. The basis of the bankings laws of Minnesota is a general act passed July 26, 1858. Considerably more than one-half of its forty-six sections relate to the securities, issuance and redemption of circulating notes, and are of course inoperative at the present time. The remaining portion was grievously defective as to the organization and general powers of the banks, and entirely wanting in any effective controlling or restrictive limitations of the business. The law remained, however, in the form in which it was originally passed until the Examiner office was instituted, since which time it has been liberally amended and improved. The act as it now stands can, however, be considered as no more than a passable makeshift awaiting the time of its intelligent recasting and codification.

"By an act of the Legislature of 1887 all the duties under the laws regulating the business of banking, which heretofore had been performed by the State Auditor, were transferred to the office of the Public Examiner. These relate principally to the authorization of State and savings banks; the calling for reports, the institution of proceedings in case of violation of the laws, and, in extremities, for the annulling of the existence of the corporation. In the exercise of these functions, entirely different from those imposed by the act creating the original office, the Public Examiner is vested with the *ex officio* title of 'Superintendent of Banks.'

"From the official statements rendered to this officer in July of the present year it appears that the fifty-four incorporate banks of the State reported their capital and undivided profits as amounting to \$6,420,000, and their total resources to \$22,000,000. The seven savings associations report deposits amounting to \$3,900,000, and the three trust companies, a capital of \$1,250,000.

"On August 1, 1887, fifty-seven national banks in the State report to the Comptroller of the Currency a capital and undivided profits of \$16,900,000, and total resources amounting to \$54,130,000.

"In July, 1886, there were also in Minnesota one hundred and thirty private banks, seventy-one of which were unofficially stated as having a capital and surplus of some \$2,800,000. Of these one hundred and thirty private banks, the report of the Examiner for that year gave a list of one hundred and nineteen having artificial names indicating legal authorization and not distinguishable from those which had been incorporated under the laws. Whereupon the Legislature of 1887 passed an act forbidding the use of any corporate or artificial name after January 1, 1888, by any person or persons engaged in the business of banking and not subject to the supervision of the State. The main provision of the act is identical in language with the provisions of a similar act passed by a late Legislature of the State of New York, without the amendment, however, which makes the law inoperative as to the banks in existence at the time of its passage, and which would seem to annul any salutary effects to be derived therefrom. The act was carried, notwithstanding a violent opposition. The private bankers of the State have since formed an organization for the purpose of testing the constitutionality of the act.

"(2.) *State Institutions.*—Returning now to the objects to be attained by the Examiner act, it may be said that as to the several public institutions of the State, the methods employed for the purpose of securing a wise and economical use of the funds appropriated for their support are—the visitations of the Examiner to each at irregular periods and without

notice—the supervision of their books and financial accounts—the enforcement of correct methods of keeping the same—exhaustive examinations of the balances of cash on hand and of the vouchers for expended funds, and a thorough inspection of the purposes of the expenditures. The officers of these institutions are appointed by the Governor and chosen by reason of their substantial character and fitness for the position, and are thus free from the corrupting blight of politics.

“(3.) *The County Finances.*—In regard to the county treasuries, the first great need was found to be, as anticipated by the act, a simple and uniform system of accounts. These were found to be in the most dire confusion. The accounting officers were chosen every two years politically, and with very little inquiry as to their qualifications for performing the duties of their offices. The system of bookkeeping (if system it could be called, which had none,) had been introduced by each officer for himself, either as imported by memory from the various States of the Union and nations of the globe, or as copied from other officers, imperfections included. The main item of the account, namely, the revenues derived from taxation, appeared upon the books but three times a year, and then at irregular intervals and with no details by means of which its accuracy could be proven or ascertained. In most of the counties no off-setting account of the cash appeared. The different funds for which taxes were levied or money received were simply credited with their collections, and the sum of all the balances of these accounts was the only method of indicating the amount of money which should be in the treasury. The treasurer had, therefore, no clue to his own accountability except (perhaps) at the three tax settlements of the year, when all the accounts had received their total credits. With no experience or facility in handling money it is easy to predict that these irregular balancings were by no means satisfactory. If the cash proved to be ‘over’ the excess must belong to the treasurer; if ‘short,’ the error must be in the account, and it was easy to correct an account that preserved no details and was not subject to supervision. Many a well-meaning officer, who would gladly have done better had he known how, became helplessly entangled in his own figures, and was led on to worse things. The few who were intentionally fraudulent had a wide open door before them. Favoritism was universally practiced. Obligations of a friendly, political or financial nature were repaid from the treasury, by immunity in the payment of taxes, either as to time or in amount, by influence in the auditing of claims of a doubtful character, or by a loan of the public funds. Thus the taxpayer was plucked on every hand, and when the day of reckoning came the official bond on which the public relied was found, in form and execution as well as in security, to be a rope of sand.

“Were you able to imagine the condition of the national banks; were their officers nominated by political strikers and chosen for thirty years in the prevailing methods at elections held biennially; were there no consistent code of banking laws, but only a patch-work of incoherent shreds, put together without reference to each other, at odd times during all this period; and were there no provision by means of which the public could become acquainted with what was going on, you would have a picture not far different from the one attempted to be presented.

“The first duty of the Examiner under the act was to order and enforce a correct and uniform system of accounting, with a suitable check upon the mutual action of auditors and treasurers, insuring a thorough supervision and safety of the public funds. The ordering of such a system was promptly performed, and the enforcement of it is also at length in a large measure accomplished, the delays being such as must naturally be ex-

pected under a politically elective system, and one subject to constant changes in the officers.

"Great progress has been made also in the repeal of conflicting laws, or in their amendment, so as to bring them into harmony with the purposes of the Examiner act. To those of you, however, who have had to deal with the legislative branch of government, it will occasion no surprise to learn that the main difficulty in carrying out this reform ordered by the Legislature itself, lies in its own action, or more properly in its inaction.

"The very structure of the laws providing for the collection of the taxes and other revenues of the State, gives the control both of the money collected and of the original data from which it is collected into the hands of the County Treasurer. The County Auditor is indeed nominally the county's bookkeeper, but so far as the accounts are concerned he is not an independent or even a co-ordinate officer. He must receive the data for measuring the Treasurer's accountability from the Treasurer himself, and is not compelled by law to audit the Treasurer's figures. Each Legislature for several years has been made fully acquainted with this radical defect in the existing legislation; ample measures for its remedy have been introduced; three successive Governors have strongly recommended the passage of such a measure; every committee before whom it has been argued has recommended it to pass, and each time it has been defeated, not in open and manly debate, but by dilatory tactics. The nominal objection to the measure is the increased expense of the amended methods, as though anything can be more expensive than the disposition of trust funds in the hands of a single officer and without check upon them. The real opposition is, however, well known to be the dependence of legislators upon the county officers for political support and advancement. Party politics is everywhere the bane of safe legislation. We need a civil service reform that shall reach far below the presidential appointees.

"Progress in many other directions cannot be more than mentioned here, as in cleansing the treasuries of a vast amount of extraneous matters, providing safe depositories for the funds on hand, preparing printed forms for the official bonds of all officers and providing for their submission to the Attorney-General for his approval or disapproval in writing as to their legal form and execution, and in many ways creating a public sentiment which should demand a great improvement in the personnel of the service, and the administration of its duties.

POWERS UNDER THE EXAMINER ACT.

"I may, perhaps, be expected to allude to the facilities furnished the Examiner under the act, and the authority granted him and others for enforcing its provisions. As has been seen, he has full authority to expose false or erroneous systems of accounting, and to prescribe and enforce correct ones, to reduce all systems to uniformity whenever practicable, and to provide every check and safeguard necessary for the control and protection of the public funds.

"He can call for verified statements and trial balance sheets from county officers as often as he may deem necessary. As the Superintendent of Banks he is required to call for statements of condition of the banks not less than four times each year, and on a past day by him specified, and as Examiner he may call for special reports at any time.

"He has full power and authority to examine books and all documents pertaining to the duties of the various officers, to issue subpoenas and examine under oath all trustees, officers, managers, employees, agents or

other persons in control of or doing business with any of the above institutions or corporations. He has supervision of all official bonds of State and county officers, with power to reject or approve any or all the sureties thereon.

"The assistance of the Attorney-General is provided in case of refusal or neglect to obey instructions, and for the enforcement of the laws. The Examiner is to report to the Governor forthwith as to the condition of the moneyed corporations, together with his suggestions or recommendations, and in regard to any failure of duty by the financial officers, as often as the public interests may require. The Governor may in his discretion cause any of the Examiner's reports to be published. Plenary power is also conferred upon the Governor to suspend, and on trial, if demanded, to remove from office any derelict county officer so reported to him.

EXAMINERS IN OTHER STATES.

"Inquiry has been made as to the existence of an officer of this character in other States, and as to the adaptability of the provisions here set forth to other localities. Other States have more or less ample provisions for the examination of State and savings banks, and some, notably in New England, for the supervision of their public institutions. The Legislature of Dakota passed an act during the present year substantially in accord with our own, but providing for two Examiners, thus anticipating the possible action of Congress in admitting the Territory as a divided State. I know of no other State which extends its supervision over county officers, although vigorous inquiry has been made as to the working of our law by many others as widely separated as Massachusetts, Montana and New Mexico. In several of the Legislatures acts of this character have been introduced. They have always met with strenuous opposition, as was the case in our own State, where the measure was finally carried by a majority of but a single vote.

"Its methods are especially applicable to States in which, like Minnesota and others, the entire revenues for State, county, town and school purposes pass through the county treasuries. Even in our young State the amount collected annually for these objects already reaches the sum of \$9,000,000, and is increasing at the rate of from one-half to three-fourths of a million dollars per year. The officers who act as the receivers and disbursers of these funds are not chosen by reason of their business experience, they are subject to the constant mutations of party strife; they have not the benefit of the control or direction of boards of men noted for their sagacious business methods. Without supervision they are subject to unusual temptations. Competent and law-abiding officers are not restive under examination, but rather court it for the honor of the service in which they are engaged. With all our criticisms of our public servants there are very many officers of this class. The large proportion are at least well-meaning. The wilfully and intentionally fraudulent are but few. For the vindication of the faithful, the instruction and encouragement of the well-disposed, and for bringing to condign punishment the designedly bad, this new branch of the public service has been found to be greatly useful and worthy of recommendation."

BANKING IN CALIFORNIA.

More banks were incorporated in California in the last fiscal year than for any previous twelve months. Sixteen State and ten national banks came into existence in this State during the year ending June 30, 1887. Most of these were in the southern counties, and many of them were organized in whole or in part by people who have recently become residents of the State. The number of national banks was nearly doubled. This is the favorite system with Eastern people, and shows their presence here more distinctly than any other feature. Old Californians appear to be satisfied with hard money banks, the only kind authorized by the State Constitution. The first national bank did not get a foothold here until 1868, and but few were organized here prior to 1880. Most of those now in existence are the outcome of the past five years.

The twenty-six State and national banks added in the last fiscal year have brought into active existence much new capital, most of which has been transferred from the East. The new banks have in no instance been built up at the expense of the old ones.

The Comptroller's call for June 3, 1886, showed eighteen national banks in California, while the call for May 13, 1887, showed twenty-eight banks. The ten new banks have added \$1,750,000 to the corporate bank capital of the State, as follows:

	<i>Capital.</i>
Crocker-Woolworth National, San Francisco.....	\$1,000,000
California National, San Francisco.....	200,000
Southern California National, Los Angeles.....	100,000
Pasadena National, Pasadena.....	50,000
First National, Santa Ana.....	50,000
First National, Pomona.....	50,000
First National, San Bernardino.....	100,000
First National, Colton.....	50,000
Santa Rosa National, Santa Rosa.....	100,000
First National, Grass Valley.....	50,000

New National Bank capital..... \$1,750,000

In addition, eight national banks organized previous to July 1, 1886, increased their capital \$575,000, making a net addition of \$2,325,000 to national bank capital in California in the last fiscal year. During the same interval the resources of these banks were increased \$12,000,000, the deposits were increased over \$9,000,000, and the amount of specie on hand was increased to the extent of \$2,265,000.

The sixteen new State incorporated banks added in the last fiscal year were as follows, with the amount of paid up capital for July 1, 1887:

	<i>Capital.</i>
Arcata Bank, Arcata.....	\$40,000
Santa Barbara Savings Bank, Santa Barbara.....	26,300
Pasadena Savings Bank, Pasadena.....	100,000
City Bank of Santa Cruz.....	23,350
Bank of Central California, Fresno.....	90,000
Bank of Escandla, Escandla.....	20,000
East Side Bank, Los Angeles.....	10,000
East San Bernardino Valley Bank, Lugonia.....	20,000
Bank of Hanford, Hanford.....	40,000
Bank of Orland, Orland.....	25,000
Bank of Orange, Orange.....	25,000
Bank of Selma, Selma.....	6,200
State Bank of San Jacinto.....	12,500
Sather Banking Company, San Francisco.....	750,000
Union Bank, Redlands.....	12,500
University Bank, Los Angeles.....	100,000

New State Bank capital..... \$1,300,850

The Crocker-Woolworth National, of San Francisco, was previously known as the private bank of Crocker, Woolworth & Co. The private bank of Sather & Co., which had been in existence here since 1850, was, on account of the death of its senior member, Peder Sather, incorporated into the Sather Banking Company last March. The California National, of San Francisco, was organized by a former employe of the First National, who received the cashiership as his reward.

The distribution of the new incorporated bank capital added to the State in the last fiscal year may be apportioned as follows:

In San Francisco.....	\$1,950,000
North of San Francisco.....	315,000
South of San Francisco.....	1,360,850

Total increase..... \$3,625,850

In the case of \$1,750,000 of the increase represented by two of the new incorporated banks, it was simply a transfer of private bank capital to incorporate bank capital, and therefore not really an addition. This reduces the net addition to \$1,875,850, of which \$1,360,850 was in the counties south of San Francisco, chiefly San Diego, San Bernardino and Los Angeles counties. This will give an idea of the extent of the bank boom there.

The increase in the resources of the State incorporated banks and the five branches of foreign banks since July 1, 1880, has been as follows:

July 1.	Banks.	Commercial.	Savings.	Total.
1880....	78	\$65,473,400	\$54,102,100	\$119,575,500
1881....	75	66,867,300	56,012,100	122,879,400
1882....	78	70,960,300	59,383,300	130,343,600
1883....	84	77,541,000	62,503,100	140,044,100
1884....	92	84,131,900	65,749,800	149,874,700
1885....	94	75,585,300	65,873,100	141,458,400
1886....	96	84,134,700	69,985,300	154,120,000
1887....	112	101,364,700	79,584,600	178,949,300

With a single exception, as will be noticed, there has been a steady increase in the resources of these banks. The returns for July 1, 1885, show a decrease of \$8,400,000 as compared with July 1, 1884. This was due to the withdrawal of James G. Fair from the Nevada Bank in 1885. Mr. Fair was a third owner. In consequence of this withdrawal the resources of that bank for that year were decreased \$8,794,300. Thus the arrest from a steady expansion in bank resources in this State was due to a purely local cause of an individual character, which in no way reflects on the steady prosperity which has attended the banks here for the past seven years. The gain in aggregate resources for this interval has been over \$59,000,000. The gain has been coupled with the increase of thirty-four banks.

The last Legislature increased the salaries of the three Bank Commissioners from \$3,000 to \$3,600 per annum, and placed the private banks of the State under their supervisory control to the extent of compelling these banks to make semi-annual reports to the Commissioners. It had never been known just how many private banks there were in the State. *Homan's Directory* gave the number at forty-five. These parties were informed of the action of the Legislature, and about thirty forwarded statements of condition for July 1, 1887. The remainder replied that they were not bankers. In order to make their forthcoming report as complete as possible, the Commissioners solicited special statements for July 1st from the twenty-eight national banks doing business in the State. The officers of these banks courteously complied with the request. For the first time in the history of the State, complete official

reports of uniform date have been secured from all the banks. The Commissioners have furnished the writer access to these reports, and from them he has computed some facts of interest. The condition of these private and incorporated banks for July 1, 1887, was as follows:

RESOURCES.	
Bank premises.....	\$3,013,220
Real estate taken for debt.....	3,937,870
Invested in stocks and bonds.....	23,726,031
Loans of all kinds.....	141,551,097
Money on hand.....	23,211,202
Due from banks and agents.....	17,012,531
Other assets.....	5,727,026
Total resources.....	\$218,178,974
LIABILITIES.	
Capital paid up.....	\$45,042,680
Surplus and undivided profits..	15,961,648
Individual deposits.....	146,681,889
Due banks and bankers.....	7,535,396
Circulation (National Banks).....	1,463,860
Other liabilities.....	1,493,502
Total liabilities.....	\$218,178,975

It may be of interest to the convention to know how the aggregate resources are apportioned among the different classes of banks, as well as the capital, individual deposits and money on hand. These facts are set forth in the annexed statement:

<i>Class of Banks.</i>	<i>No.</i>	<i>Total Resources.</i>	<i>Capital.</i>	<i>Deposits.</i>	<i>Money.</i>
State Commercial.....	88	\$101,364,671	\$31,061,934	\$52,513,972	\$15,579,298
State Savings.....	24	77,584,603	4,216,377	70,077,893	1,944,883
National.....	28	28,743,916	6,200,000	18,000,784	4,091,636
Private.....	28	10,485,785	3,564,369	6,089,240	1,545,385
	168	\$218,178,975	\$45,042,680	\$146,681,889	\$23,211,202

The resources of the incorporated banks are \$37,353,762 larger than reported twelve months before. During the same interval there was an addition of \$5,026,867 to the paid up incorporated bank capital, and \$28,272,580 added to the individual deposits. These are marked gains.

The United States census for 1880 gave California a population of 864,686. A school census is taken annually, and through that means it is calculated that the population of California on the 1st of July, 1887, was 1,170,298, a gain of 305,612 in seven years, or over 35 per cent. One-third of the net gain is put down to the credit of San Francisco. As there are 168 banks of all kinds in the State, it follows that there is a bank for every 7,000 inhabitants. The banks, however, are not equally distributed. In eight or ten of the fifty-two counties of the State there is not a bank of any kind. San Francisco, with a population of 336,458, has 26 banks, or one to every 13,000 inhabitants. The next largest city in the State, which has had a phenomenal growth in the past five years, is Los Angeles. The population of Los Angeles county in 1880 was 33,377. It is now estimated at 83,334, of which the city of Los Angeles is credited with about 75,000. Los Angeles county has 21 banks, or a bank to every 4,000 inhabitants. Either there are too many banks in Los Angeles county, or not enough in the city and county of San Francisco.

The bank resources of California show an average of nearly \$200 per capita. The individual deposits average \$125 per capita, and the paid

up bank capital over \$20 per capita. The money actually in the banks on the 1st of July was equal to \$20 per capita. There was probably an average of \$10 per capita outside of the banks. A State that can show \$30 per capita in actual money—mostly gold coin—is certainly in a good financial condition. The Mint Director reported the amount of gold and silver coin in the United States on the 1st of January, 1887, at \$885,051,854. On a basis of a population of 60,000,000, this amount shows an average of less than \$17 per capita, against \$30 for California. The contrast in the per capita of the counties of Los Angeles and San Francisco, relative to paid up bank capital, deposits and money on hand, will be seen in the annexed table:

	<i>Capital.</i>	<i>Deposits.</i>	<i>Money.</i>
San Francisco, per capita.....	\$76	\$294	\$45
Los Angeles "	23	161	35

Despite the rapid growth of banks in this State in the past fiscal year several more have been added since July 1st, and there is apparently room for others. There are probably scores of good locations for banks in this State. Alameda county, with a population of 91,758, in which is situated the thriving city of Oakland, had only six banks on the 1st of July, with a paid up capital of \$1,125,000, besides \$5,664,473 in individual deposits, and \$330,227 in money on hand. This is only one bank to every 15,000 in population. The adjoining county of Contra Costa, with a population of 14,500, extensive wheat warehouse system, smelting works and other manufactures, has only one bank. The central and northern counties of the State have yet to experience a boom in the organization of banks. When this work is once under way, it promises to be even more noteworthy than the experience in the southern counties.

The banks of California, as a rule, are wisely managed. There has been no serious trouble here for the past ten years. The last failure was the little bank at Bodie, at the close of 1885. The Bank Commissioners make an examination of every incorporated State bank at least once every year. In addition, the banks are required to report their condition on the 1st of January and the 1st of July. The last fiscal year was one of great prosperity to these institutions. Stockholders received good dividends on their shares, and depositors in the savings banks good interest on their deposits.

The hard money system appears to work well in this State. Though there are twenty-eight national banks, their circulation is only \$1,463,800, and bank notes are rarely seen. They are probably as scarce here, in proportion to population, as \$20 gold pieces are in the Eastern States. Our people would like a paper currency redeemable in coin at the Sub-Treasury in San Francisco. When Congress guarantees to give us that kind of paper money as needed, our bankers will generally handle paper instead of coin.—*Paper read at the last Bankers' Convention, by Benjamin C. Wright.*

THE GROWTH OF CORPORATE BUSINESS.

That much of the business of the country formerly transacted by single individuals or partnerships is rapidly going to a corporate basis is a striking and suggestive fact. It is not surprising that large enterprises, such as railroads, steamships, telegraphs, and, generally speaking, all kinds of business which require an expensive plant and large amounts of capital, should be conducted by incorporated companies with capital stock. No one individual or firm could or would furnish capital sufficient to carry on these colossal undertakings of themselves. Without the expedient of incorporation, the most useful and beneficial schemes would fall to the ground. What the capital of a few men cannot accomplish the accumulated earnings of hundreds and thousands can accomplish. A great deal is said about the oppression of corporations, and the word is in many minds synonymous with odious monopoly. This may be true of some classes of corporations, and more especially of those which are engaged in the business of transportation; but a corporation is far from being an evil thing in itself. On the contrary, a legitimate corporation, properly managed, is an instrument which is often indispensable in working out valuable results. But the growth of corporations during the last 20 years has been something phenomenal. The law has extended the branches of business which may be incorporated until at the present time scarcely any is excepted or denied the privilege. The smallest enterprises, those needing but little capital, are incorporated every day. Partnerships are thus transformed where there would seem to be no necessity for the change. Every valuable invention gives rise to a "company," and individuals are swallowed up and lost in the corporations which they organize.

What are the peculiar advantages which tempt business men to this method of transacting their affairs? for there can be no doubt that the system is becoming more and more popular. In the first place there is the feature of limited liability for debts. An individual does not risk his private fortune by carrying on business in this way. Men who are not willing to risk everything as partners are at the same time perfectly willing to take their chances of success with limited amounts. Then, again, the system of capital stock enables the incorporators to raise money in cases where otherwise they could not by the sale of stock. Indeed in many instances companies have been organized for no other purpose than to sell stock to unwary investors for the profit of the organizers alone. But whatever may be the advantages and merits of incorporation, it has many defects and is peculiarly prone to abuse. The absence of individual responsibility frequently leads to disregard for the rights of others, and it is notorious that corporations do what a single man or a firm of partners would not dare to attempt. The feature of limited liability, unless the corporation has large resources, has had the effect oftentimes of diminishing the confidence which would otherwise be felt in the financial responsibility of the company, and in this way tends to limit credits readily accorded to a firm. Gilt-edged security is demanded on loans and advances, and the company itself is thus hampered by the rule which seems to have been devised exclusively for the protection of the stockholders. Moreover, the powers of a company are limited by its charter and the validity of its acts depends upon the authority thus conferred upon it.

It is difficult often to say whether the obligations and debts of a company contracted by its officers can be enforced against it, as those officers may have exceeded the powers given to them by the by-laws. Nothing is more frequent than repudiation by companies of notes, etc., given by its officers and the consequent litigation. The courts have held again and again that persons dealing with a corporation are bound and presumed to know its charter and by-laws, and to contract in relation to them. If there is any want of authority or any defect or irregularity in the proceedings the creditor may be restricted to his remedy against the individual officer alone. And it is well known that many small corporations, acting without legal advice, fall into serious errors and act in entire disregard or ignorance of the law. In fact, the method of doing business properly under incorporation is so complicated and so exposed to danger that the disadvantages would seem to outweigh the advantages in cases where the business could be carried on in any other way.

THE LAST FIFTY YEARS OF ENGLISH FINANCE.

[CONTINUED FROM THE NOVEMBER NUMBER.]

The situation in the spring of 1853 appeared favorable to large financial schemes. The peace of Europe had remained practically unbroken since 1815. The revenge of Waterloo, often threatened, had never arrived, and the fear of it had so passed away that not even the installation of another Napoleon in power in France provoked anxiety. We ourselves were unmistakably pacific. Free trade had been accepted as the forerunner, and had come to be regarded as the hostage, of peace. If Sir Robert Peel's first motive had been simply the restoration of the national credit, he had amply succeeded, for the 3 per cents were above par. With peace assured, with an elastic revenue, and with the national credit firmly established, Mr. Gladstone was easily allured into submitting to the House of Commons a budget providing for the reduction of interest on the national debt, a removal of the last of the evil excise duties, a further reduction and simplification of the tariff, an important advance towards the establishment of an identical system of taxation throughout the United Kingdom, the extension of duties on devolution by death to settled property, real and personal, and the extinction of the income tax. This last achievement, approached by steps, was to be consummated in 1860, when the expiration of the long annuities would facilitate the accomplishment of the full design. The scheme was large and generous; and if it be objected that a financial system minus the income tax would press too severely on the consuming masses, even though rectified by a succession duty producing as much as its creator anticipated, this is a criticism which could have been dealt with subsequently, had experience proved its force. But Mr. Gladstone's plans were balked almost as soon as they were formulated. He did happily succeed in abolishing the excise on soap, in bringing nearer equality the spirit duties in the three kingdoms, in extending the income tax to Ireland, and in instituting the succession duty; but the interest on the national debt remained unreduced, and the income tax, instead of being continuously diminished in successive years until it vanished, was raised to unheard of rates, and, surviving 1860, has endured to this day. The truth is that what appeared to be the crown of a period of peace was the commencement of a period of war. In 1853 began the movement which has made Europe an armed camp for a

generation. When not actually at war the nations have been watching and preparing for war. Military budgets have absorbed the energies of financiers, and the nations which have remained at peace have been drawn along the course of warlike expenditure. And in 1853 the United Kingdom was a principal in the first European struggle. It was Mr. Gladstone's cruel fate to be called upon within a few months to demolish his own constructions. When the evil day came he struggled to limit the duration of the derangement of the national finances at the cost of making it more severe. He laid down the counsel of perfection that the expenditure upon war should be defrayed as incurred out of the supplies of each year. It is indisputable that warlike expenditure, save so far as it is met by loans from outsiders, is withdrawn from the existing wealth of the belligerent nation; and if each taxpayer could be got to contribute his share, the total drain would be no greater than when the total is borrowed, whilst there would be no collective debt to be borne by later generations. But there are classes of taxpayers who, though possessing the necessary wealth, would rather borrow than diminish what they profitably employ, while there are many more who, though rightly called upon to contribute, have no assets beyond their natural energies, which they would be constrained to mortgage. The chancellor of the exchequer, in making a loan, borrows *en bloc* what these taxpayers should, but never could, borrow for themselves; and his financial administration is justified if he is sustained in the policy of compelling these thriftless units to repay within a reasonable period the loan so contracted. Mr. Gladstone himself left the exchequer before the necessity of borrowing was completely developed; but he supported his successor, Sir George Cornewall Lewis, in frankly following the previous practice, and he himself so far departed from his higher doctrine as to anticipate the taxes of future years by the issue of exchequer bonds.

The episode of the Crimean war was the first serious check of the financial progress which dated from the budget of Sir Robert Peel in 1842. The national debt, exclusive of terminable annuities, had declined from £792,209,685 on January 5, 1841, to £769,082,549 on April 5, 1854; but it rose to £808,108,722 by April 5, 1857; while a further addition of £3,000,000 was involved in an increase of the terminable annuities. The income tax, which had been maintained at the uniform rate of 7d. from the time it was reimposed, was raised during the war to 1s. 4d. in the pound. The reduction of the tea duty, which Mr. Gladstone had arranged in 1853 to proceed by steps, reaching 1s. the pound in 1856, was arrested and reversed, so that in 1856 it was 1s. 9d. instead of 1s. The coffee duty, the sugar duties, the malt duty, were all raised for war purposes, and occasion was taken to raise the spirit duties to a level from which they were not allowed to recede. One fact, however, of great significance must be noted in connection with the financial administration of the Crimean war. No indirect tax which had been previously abandoned was reimposed. Any suggestion to revive a tax, whether of excise or customs, was mentioned only to be rejected. There had been an addition made to the total of national indebtedness; the tax on incomes, and the existing taxes on consumption, had been sharply increased, but there had been no recurrence to any discarded engine of finance—least of all to those taxes which, while offering some revenue to the exchequer, inflict a disproportionate amount of injury on taxpayers, commerce and industry. So it might be said that the war left no lasting effects on our financial system. The war taxes disappeared; the question of debt was at a later date seriously grappled with; all became

as before, save that the military expenditure of the country has never recovered its old proportions. This may be matter of congratulation or regret. It may be that the experience of the Crimea revealed a dangerous weakness which we have wisely abated; or it may be that the new circumstances of Europe have compelled preparations which were not wanted in the earlier years of the reign. It is enough here to recognize the fact of that development of military and naval expenditure which, obtaining a great start in the years 1854-57, has never since been arrested. We have never returned to the moderate scale of army and navy estimates which prevailed before the Crimean war, and it may now be admitted that it was inevitable that a higher level should be maintained. These estimates had been rising before the peace was broken, and it is inconceivable that the experiences of war should have caused what would have been a reversal of a movement already in progress. But it may be questioned how far this inevitable increase of military expenditure should have been recognized and confessed at the time; and upon the answer to this doubtful question must depend our judgment of the conduct of the most eminent political persons of the day. Notice has been taken of Mr. Gladstone's argument—it can scarcely be called more—at the inception of the Crimean war in favor of meeting the expenditure of war by increased taxation, and it has been shown how this excellent counsel was abandoned. Debt was created, but simultaneously with it taxes were imposed which would, within a definite period, suffice to extinguish the additional debt. The establishment of a sinking fund, whatever its form, is nothing more than a solemn resolution on the part of the representatives of the nation to practice some degree of self-denial in the future, which resolution may be kept or broken, like the resolutions of separate mortals. At the commencement of 1857 the war had ceased, but war taxes were still legally in force, and the income tax in particular was by law leviable at the rate of 1s. 4d. in the pound up to April 5, 1858. It had been provided that this rate should last for a year after the April 5 first following the ratification of peace, and the treaty of Paris was ratified on April 27, 1856. A month's delay in the settlement of peace had fastened the higher rate on the nation for another year; but this was scarcely to be regretted by those who desired peace to make good the expenses of war. Some popular impatience was natural; it remained to be seen what statesmen would do. In the debate on the address, Mr. Disraeli gave notice that he would move resolutions against the continuance of war taxes in time of peace, and he would do this "as an impetus to salutary economy," and as a declaration against England becoming "a great military nation." Mr. Gladstone, also in opposition, held a similar view in favor of enforcing economy by cutting down income, and hankered also after that extinction of the income tax in 1860 which he had planned in 1853. When Sir George Lewis opened his budget ten days later, he proposed to meet his critics by reducing the income tax at once from 1s. 4d. to 7d., and by making small immediate reductions in the tea duty and the sugar duties, with successive reductions in the following years; and he argued that the engagements that had been made to repay the war debt necessarily required a rearrangement of Mr. Gladstone's plans of 1853. But his proposals were contested. After a preliminary debate on Mr. Disraeli's abstract resolution, in which he received Mr. Gladstone's support, the latter, in committee on the budget resolutions, moved for a further immediate reduction of the tea and sugar duties, and Mr. Disraeli for a reduction of the income tax to 5d. in the pound. These motions were unsuccessful; but the combined action of these statesmen had

modified Sir George Lewis' budget in advance, and produced further fruit in the following year. Mr. Disraeli was then chancellor of the exchequer at the head of a minority in the House of Commons, and the outlook was unpromising. The estimates for the services, to which the new government had succeeded were not diminished; and if the arrangement for the repayment of the war debt was to be maintained, the contemplated further reduction of the income tax must be abandoned, and some additional revenue sought from that or other sources. In this dilemma the government decided that the reduction of the income tax was a more sacred engagement than the repayment of war debt, and Mr. Gladstone, with the ultimate extinction of the tax in 1860 ever in his mind, supported the Conservatives against a vigorous argument of Sir George Lewis. The budget was otherwise noteworthy only because it equalized the spirit duties in Ireland with those in Great Britain, and thus established uniform taxation in the kingdom.

The extinction of the income tax in 1860 must have seemed a dream to many in 1858. Mr. Gladstone himself, returning to the charge of the finances in 1859, had to propose no less addition than 8d. to the income tax for the first half of the financial year, making it 13d. in the pound for that half, to meet the very large addition to the army and navy estimates, due to the anxieties provided by the state of Europe; and when 1860 came the income tax was still wanted, aided though the exchequer was by the falling in of the long annuities, to enable that last great revision of the tariff to be effected which was consequent upon the commercial treaty with France. Instead of the long-contemplated extinction, the income tax, which had been 13d. in the pound in the first half and 5d. in the second half of 1859, was raised to 10d. for the year 1860.

With or without the treaty there was ample ground for retaining the income tax in 1860. Had no such contract been made with the Emperor of the French, and apart from the question whether the income tax or some equivalent direct impost is not necessary to the justice of our financial system, the reasons which led Sir Robert Peel to renew the tax in 1845, if not those which led him to reimpose it in 1842, would have justified its maintenance in 1860. To get rid entirely of customs duties, such as those on silks, gloves, flowers, watches, and all manufactured articles; to set free the importation of such articles of food as butter, cheese, eggs; to reduce the articles in the tariff from 419 to 48, of which 15 only were significant factors, were further steps in the progress of liberation of commerce and of the removal of protective duties that were most advantageously secured by the retention of the income tax. If Sir Robert Peel was right in 1845, the apology of a treaty was not wanted in 1860. Even if attention is confined to the reduction of the wine duties, the sum levied by the income tax to enable this to be made is advantageously balanced. The fact that action, which might have been judiciously taken unilaterally, was made the consideration of a bipartite exchange, did without doubt double the immediate advantage, and the temptation to throw the transaction into the form of a treaty was enormous; but it must be recognized that this making the reduction or abolition of customs duties a matter of bargain has had prejudicial after-consequences in strengthening the delusion that protective duties are a source of gain, and their abolition a sacrifice. It would be too much to put down the recrudescence of protective ideas on the continent to this cause, but they have almost insensibly been instilled in the minds of men by the use of language and of forms of bargain and exchange having no meaning except as the expression of

protectionist principles. Happily we have not ceased in subsequent practice to falsify the attitude of negotiation assumed in reference to the French treaty; and, indeed, whilst we obtained a reduction of import duties upon our goods in France by the reduction or abolition of duties in our own tariffs, we refused to restrict these modifications to goods of French import, and extended them to the produce of all markets. Of the fifteen significant articles retained in the tariffs of 1860, six have since been entirely removed (three of them, sugar, corn,* and timber, being highly productive of revenue) without any attempt to make the removal of any one of them a means of producing correlative reductions in other countries.

The financial year 1860-61 ended with a deficit, chiefly through the effect of a bad harvest; and the year 1861-62 had the same unpleasant experience, too large reductions of taxation having been made upon too sanguine estimates of revenue; but with the next year began a period of financial prosperity, which, despite a severe commercial crisis in 1866, may be said to have continued up to 1874, or even through that year. It is not intended to dwell upon the incidents of each successive twelve-month, but the budget of 1866 demands attention on account of the serious effort Mr. Gladstone then made to deal with the national debt. The years that had passed since Sir Robert Peel began his fiscal reforms had left this permanent burden but slightly reduced. The period before the Crimean war had closed with a sensible diminution of the total, but that war had undone all that had been effected, and we have seen how the resolution to pay off the addition contracted under its pressure had melted away. It seems as if the temptation to purchase popularity by reducing taxation must always prevail. Thus the tea duties had been brought down to 1s. in 1863, and Mr. Gladstone then spoke of this reduced rate as one that would be maintained; but in 1865, on the eve of a general election, the rate was again brought down to 6d. in the pound, while the income tax was reduced to 4d. But in the year 1866, Mr. Jevons published a remarkable book, "The Coal Question," in which he pointed out that the progressive increase in the extraction and consumption of our coal could not be maintained, and that as our superiority in respect of the cheapness and accessibility of this spring of power declined, the development of our national prosperity must be arrested; and, unless men were wise in time, dangerous embarrassments might arise between swollen needs and attenuated resources. The book fell into Mr. Gladstone's hands. His receptive and impressionable intellect was strongly affected by it, and in his budget of 1866 he proposed to the House of Commons to make use of our time of prosperity to pay off as much debt as possible, so that in respect of it the national energies of the future might not be unduly handicapped. Mr. Jevons' position has often been derided by critics whose language proves that they have not understood it, and many suppose that his warnings have been discredited by the falsification of prophecies they attribute to him which he never uttered. His wisdom received a sharp practical illustration in 1873, and, if the evidence of its truth has not since been so acute, it has been abiding. Mr. Gladstone carried Parliament with him in his main proposal, though he had to drop part of his machinery. His plan, stripped of all disguises, was nothing more than this—to apply to the service of the debt a sum exceeding what was required to pay the

* Corn had remained, under Sir Robert Peel's Act, liable to a duty of 1s. the quarter, which he regarded as nominal and retained for registration purposes; but the tax produced nearly £1,000,000 sterling when Mr. Lowe abolished it in 1869, and it undoubtedly contributed a still larger bonus for the production of corn in the United Kingdom.

annual interest on its capital, and with this excess and its accumulations to purchase and extinguish capital up to a fixed date—in this case 1885. This is no more than the principle of every sinking fund, but the merit of Mr. Gladstone's proposal lay in the thoroughness of the disguise in which it was wrapped. It was thought at the time that he had succeeded in clouding it from himself; and, indeed, the gravity of the respect he paid to his own machinery supported this suspicion.* A few years later, Sir Stafford Northcote, when chancellor of the exchequer, following up Mr. Gladstone's desire to promote a reduction of debt, needlessly varied the form of procedure; and a strenuous debate arose, remarkable because both sides shirked the true test of relative merit, viz., which plan best concealed from the ordinary politician, and best prevented the ordinary politician from explaining to the ordinary elector, that a large and increasing sum was annually applied to the redemption of debt which might at any moment be shifted to the reduction of taxation. Judged by this criterion, Mr. Gladstone's plan was incomparably superior—its excellence, as we have said, going so far that perhaps it shrouded the truth from himself; and it was not, indeed, until many years later that the mask was removed from the real character of the operation.† The disguise was so well maintained that the State was for two or three years paying off debts through one agency and contracting it anew through another, without the nation being conscious of the process.

Mr. Gladstone obtained, as has been said, the assent of Parliament to his proposal, to which Mr. Disraeli made an addition on precisely the same lines in 1867; but the period of prosperity of which we have spoken enabled these efforts for the reduction of debt to be made concurrently with reductions of taxation.

Mr. Lowe was the most fortunate of finance ministers, and if the "leaps and bounds" of industry and commerce during his tenure of office as chancellor of the exchequer raised some foreboding of reaction in the minds of forelookers, he was spared the necessity of meeting the ebb. He began his financial administration with a *coup* of dazzling success. He reformed and simplified the assessed taxes, and took occasion of this change to call for their collection and that of the income tax—in short, the direct taxes—in the quarter January to March, and by this acceleration of payment provided himself at once with a surplus. The following years produced more legitimate surpluses through largely increased consumption of dutiable commodities, especially of beer and spirits; but an increase of expenditure may always outrun an increase of income, and the army estimates of 1871, being much swollen through the influence of the Franco-German war, compelled Mr. Lowe to anticipate and provide for a deficiency. What followed is worth attention as illustrating the ordinary limits of financial action. Indirect taxes had been repealed and reduced until they had become very few in number

* It may be as well to explain the machinery. The State owes a capital of (say) £750,000,000, on which, through department A, it pays an annual interest of £25,500,000. But the State, as banker of the savings bank and the post-office, holds in department B (say) £50,000,000 stock, part of £750,000,000, on which department A pays department B annually £1,500,000 interest. Department A says to department B, "Instead of paying you £1,500,000 forever, we will pay you £2,500,000 for a sufficient number of years to insure you the same capital at the end of it." Department B agrees, and during this period of years department A pays annually in respect of debt £23,500,000, while department B invests in the first year £1,000,000, and increasing sums in each successive year, so that at the end of the term it is reinstated in the possession of £50,000,000 of stock purchased from other holders. It will be seen that, putting aside the solemnity of formal interdepartmental action, made more solemn because expressed in an Act of Parliament, the State has simply decided, and can at any time revoke, vary, or suspend its decision, to put aside a sinking fund, beginning at £1,000,000, for a defined number of years for the redemption of £50,000,000 of debt.

† See *Post*, p. 352.

though affluent in produce, and no attempt had been made to impose a new indirect tax or (except in respect of spirits) to increase an existing tax since the Crimean war. Successive chancellors had been tempted to meet emergent necessities by additional pence in the income tax, so that any fresh adventure involved a call on a limited class of citizens. Mr. Lowe courageously tried to depart from this practice by the introduction of a new tax on matches; but the developed opinion of the time was too strong for him, and the proposal was abandoned, along with others* which might perhaps have been adopted had they stood alone, and the ambitious chancellor had to fall back upon the simple policy of his predecessors—twopence more in the income tax. This was the only check in Mr. Lowe's good fortune. Surpluses allowed reductions, and reductions were followed by surpluses, and when Mr. Gladstone resigned in deference to the adverse verdict of the general election of February, 1874, the surplus to be dealt with by the incoming chancellor of the exchequer was no less than £6,000,000.—*L. H. Courtney in Ward's Fifty Years of the Reign of Queen Victoria.*

[TO BE CONTINUED.]

ECONOMIC NOTES.

GERMAN BANK EARNINGS.

Some interesting statistics, compiled from official sources, have been published respecting the business of German banks during the four years 1883 to 1886 inclusive. The returns relate to 144 institutions having in 1883 an aggregate capital of £62,890,000., and at the end of last year a capital of £64,575,000. The reserves of these banks increased from £8,756,000 in 1883, to £9,585,000 in 1886, the percentage in relation to the aggregate capital being 13.9 in the former year and 14.9 in the latter. The average dividend varied from 6.76 per cent. in 1883 to 6.27 per cent. in 1886, and as the averages for 1885 and 1884 were 6.32 and 6.74 per cent., a regular falling off is shown. The dividends paid absorbed £4,234,000 in 1883, £4,295,000 in 1884, £4,063,000 in 1885, and £3,977,000 in the year 1886. A comparison between the Imperial Bank (Reichsbank) and the private banks shows that while the dividends of the Imperial Bank from 1883 to 1886 were 6.25, 6.25, 6.24, and 5.29 per cent. respectively, the average dividends of the private banks were 5.71, 5.35, 5.31, and 4.11 per cent. Thus the dividend of the Reichsbank fell 0.96 per cent. during four years, and the average dividend of private banks no less than 1.60 per cent. The deposit of the Reichsbank increased from £10,508,000 in 1883 to £14,513,000 last year, while those of the private banks increased only from £2,701,000 to £2,858,000, the total increase being from £13,209,000 to £17,371,000. Though the statistics show that the banking business of Germany has vastly increased, they at the same time make it clear that it is becoming less profitable.

AREA AND POPULATION OF EUROPE.

Gen. Strelbitski, who was selected by the International Statistical Congress held at The Hague to prepare a report upon the area and number of inhabitants in the different countries of Europe, has completed his labors, the gist of them being that the total area of Europe is 6,233,060 square miles, of which 3,423,185 square miles belong to Russia,

* Proposals to make the income tax move by percentages instead of by jumps of pence in the pound, and to alter the rates of legacy and succession duties.

391,000 to Austria-Hungary, 338,000 to Germany, 333,435 to France, 312,810 to Spain, 281,615 to Sweden, 203,375 to Norway, 196,615 to Great Britain and Ireland, 180,310 to Italy, 163,350 to Turkey in Europe and Bosnia, 88,810 to Denmark, 82,125 to Roumania, 55,690 to Portugal, 40,435 to Greece, 30,375 to Serbia, 25,875 to Switzerland, 20,625 to Holland, and 18,430 to Belgium. The Russian Empire in Europe alone covers more than half of the whole Continent, embracing the Kingdom of Poland, the Grand Duchy of Finland, and part of the Caucasus. Russia also stands far in advance of all the other nations in respect to her population, which is given by Gen. Strelbitski at 93,000,000, the countries which come next being the German Empire (47,200,000), Austria-Hungary (39,900,000), France (38,300,000), Great Britain and Ireland (37,200,000), Italy, (30,000,000), Spain (16,900,000), Switzerland (7,000,000), Belgium (5,850,000), Roumania (5,400,000), Turkey in Europe (4,900,000), Sweden, (4,700,000), Holland and Portugal (4,400,000 each), Denmark (2,190,000), Serbia (2,000,000), and Norway (1,960,000). The density of the population is very different, for while Belgium has 201 inhabitants to the square kilometer ($\frac{3}{4}$ of a mile), Holland 133, Great Britain and Ireland 119, Italy 105, the German Empire 86, Switzerland 71, and Austria-Hungary 59, Spain has only 35, Turkey 27, Russia 17, Denmark 15, and Norway 6. But the population of Russia is increasing at the rate of 1,250,000 a year, and in half a century it will, at this rate, exceed 150,000,000.—*London Times*.

THE CAUSE AND CURE OF POVERTY.

The most remarkable thing about the prevailing interest in the progress of the working classes is its extent and comprehensiveness. It pervades all portions of society and investigates every conceivable means of social improvement and reform. It is the subject of conversation in drawing-rooms and public places, at the factory gate, and in the business office. It engages the thought of the student and the anxious attention of the man of affairs. The Church and State are appealed to to aid in extending some of the blessings of civilization to those who have borne most of its burdens. Socialism has an active propaganda. The working classes are aroused to political action looking to legislation in their own behalf. Anti-poverty societies are formed. The organization of labor is encouraged and goes rapidly forward. Employers experiment with profit sharing and workmen with coöperation. Educational policy assumes new forms with reference to the industrial and moral needs of the time. An interest so large and genuine is the best assurance that the progress of the working population in those things that give worth and dignity to life has only now begun. The great variety of methods of amelioration that are proposed is the best assurance that neither the State nor any considerable portion of society will be irretrievably committed to any cranky or utopian scheme. Free discussion will bring out what real merit there is in every scheme and expose its errors.—*Work and Wages*.

A NEW INDUSTRY.

Almost simultaneously with the announcement of the successful manufacture of sorghum sugar at Fort Scott, Kan., by means of the new diffusion process, we are assured that Claus Spreckels, the sugar potentate of California and the Sandwich Islands, will undertake the production of beet sugar in this country. He has but recently returned from Germany, where he went to inspect the beet sugar mills, and he asserts that with the machinery and processes used in Germany adopted in California, beet sugar can be made there as good and cheap as any-

where in Europe. He will, therefore, embark in the business at once. So it appears, after all, that this country is not to be perpetually indebted to foreign production for the greater part of its supply of sugar. For years, though, it has looked that way. Consumption of the article has increased until it now amounts to 3,000,000,000 pounds a year, of which quantity only a tenth is produced at home, chiefly in Louisiana. The average cost in foreign countries last year of the other nine-tenths was 2.84 cents per pound, with a duty collected thereon of 2 cents per pound, yielding the government a revenue of over \$50,000,000 on one of the necessities of the family table. To make an unpromising matter still worse, the course of home industry has not given assurance that the enormous tax paid by consumers has promoted its growth, although it has certainly prevented the Louisiana sugar plantations from falling into decay. As early as 1853 Louisiana produced vastly more sugar than last year; and in 1883, also, it produced more.—*Age of Steel.*

A NEW BUSINESS INVENTION.

Professor Elisha Gray, of telephone fame, is perfecting an invention which promises great results. The "telautograph" is the name by which the instrument will be known. By means of it a *fac simile* of a written message can be sent to any distance, the exact copy being reproduced at the other end of the line at the moment of its sending. Orders for the sale of stocks, or checks and drafts can be sent also. The electric current, of course, is an important factor in the invention, but the chief feature is the plate or instrument on which the writing is done. No particular kind of pen or pencil has to be used; in fact, a sharp-pointed instrument of any kind, or even a piece of wood will answer the purpose. The paper on which the writing is done, and the autograph reproduced, does not have to be prepared, for in the first instance it is the pressure on the plate which gives the impulse to the machine, while the reproduction is brought about by a tracing point, which may be a properly-inked pen, or even an ordinary lead pencil, attached to a movable arm in the receiving machine at the other end of the line. A number of experiments with the machine have been made at Highland Park, Chicago, where Prof. Gray's laboratory is, all of them of the most satisfactory character. Prof. Gray is inclined to think the machine will be required in all cases where absolute accuracy in the delivery and filling of an order is required, and that it will eventually supersede the present system of telegraphic communication; in fact, that an operator will simply transcribe a message, and, while in the act of so doing, will wire it to any point on the continent, the reproduction to the other point always being a *fac simile* of the writing of the person at the machine.

SUGAR FROM COAL TAR.

A recent discovery, which may be destined to be extremely useful in commercial enterprise, is now being extensively experimented upon. The matter has received more notice in Boston than in any other city in this country although Germany has given it the most attention. The invention is known as saccharine. There is likely to be a confusion between this article and others as this name is equally applicable to a chemical derivative of sugar. The new discovery is the product of coal tar and is several times sweeter than sugar. As saccharine can be manufactured in large quantities at prices low enough to compete with sugar, it is expected that the new discovery will rapidly develop to a commercial basis. The discovery was made by Professor Constantine Fahlberg of New York. Although it was made some years ago it has not

been experimented on to any great extent until recently. A short time ago some German capitalists took up the subject from a commercial, rather than a chemical, standpoint and built a large factory for the manufacture of saccharine. Professor Fahlberg has had charge of the works and a shipment of this article is expected in Boston any time within a month. There is at present only a sample lot in America which is held by a leading Boston drug firm. When the facilities for extensive manufacture are completed like the factory in Germany, it is calculated that the goods can be laid down for about three cents per pound which is about half the price of cane sugar. The discovery was entirely an accident. Professor Fahlberg was experimenting upon *tuluol* which is the distilled product of coal tar with the intention of increasing the strength of certain aniline dyes. Certain phenomena hitherto unnoticed attracted his attention. After carefully repeating the conditions he found from evident deductions that enough saccharine matter could be reduced to make a profitable and useful addition to the list of sugars. His opinion has been confirmed by those who have been enabled to examine the matter.

THE STATE OF NEBRASKA.

The assessed wealth of the State of Nebraska, as shown by a recent report, amounts in round numbers to \$160,000,000, which is an increase of more than \$16,000,000 over that of last year, and of more than \$67,000,000 over what it was six years ago. The taxable wealth of the State, at this rate, will, in 1890, be more than double what it was in 1880. The population in 1880 was 452,402; and according to the State census taken in 1885, it was 740,645, showing an increase of 288,243. This rate of increase will in 1890 give the State more than a million of inhabitants.

CURIOSITIES OF TRANSPORTATION.

A foreign commercial paper is authority for the statement that a steamship company has paid during the past summer 2 cents per bushel for the privilege of carrying wheat in bags from Baltimore to Liverpool. A Glasgow paper states that Scotch granite is now sent from that city to London by the way of New York. It is presumed that both the wheat and granite are used as ballast. A paper devoted to sheep husbandry states that the wool raised in Southern Australia was taken from Adelaide to San Francisco by steamer, carried to New York by rail, re-shipped and laid down in London for a less sum than wool was carried from New Mexico to Philadelphia. The sheep raisers of Utah, unable to obtain reasonable rates for sending their wool to Eastern markets paid the local rates on it from Ogden to San Francisco, and then sent it to New York. By having it in San Francisco they were able to take advantage of the rates made in order to secure the transportation of wool produced in Australia and New Zealand. The Vermont butter makers complain that they are being ruined by the cheap rates made by railway companies to secure the carrying of Iowa dairy products. They state that butter is carried from Des Moines to Boston cheaper than from Montpelier to Boston. At a recent meeting of the Northwestern Dairymen's Association the proprietor of a Wisconsin cheese factory stated that he could send his products to Liverpool by way of Quebec cheaper than he could get them transported to St. Paul. It is reported that salmon canned at the mouth of the Columbia River is carried to England for half the sum demanded for taking it to the eastern portion of the State of Oregon. Farmers living less than a hundred miles east of

London complain that it costs more to send their wheat to that city than it does to send it from America. An adage that has lived through the centuries probably on account of its apparent absurdity informs us that "the longest way round is the nearest way home." If the longest way is not the nearest one, it may be, and often is, the cheapest one. During the past season Chicago and Milwaukee brewers have been using large quantities of barley raised in California and Utah. With two railroads having no very large amount of freight to transport, it would be reasonable to suppose that it would be brought by cars. But a very large proportion of it has been brought by water. It was taken from San Francisco to the Isthmus of Panama by boat, transported across the Isthmus by rail, reshipped to New York, forwarded to Buffalo by canal boat, and there sent to Milwaukee and Chicago on vessels. The entire cost of transportation was 48 cents per 100 pounds, which was about 40 per cent. less than the railway rates before the recent reduction. During a considerable part of last summer it cost less to ride from Chicago to San Francisco than to go half way across the State of California. During the same period persons living 100 miles west or north of Chicago and wishing to visit St. Paul paid their fare to this city, bought tickets to the capital of Minnesota, and rode back over the road on which they came.—*Chicago Times*.

THE FRENCH COINAGE.

In the bill to be shortly brought forward by the French government for issuing a nickel token-money as a substitute for the present bronze coinage, it is proposed to overcome the objection that the new coins, from their color, may be mistaken for silver by avoiding an exact similarity in the size and weight of the new pieces. The smallest nickel coin, the piece of five centimes, or one sou, would be of the weight of two grammes and of the diameter of seventeen and one-half millimeters; the present silver pieces of fifty centimes, which it would most resemble, being of the weight of two and one-half grammes, and the diameter of eighteen millimeters. The nickel piece of ten centimes, or French penny, would be of three grammes weight, and twenty millimeters. The half-penny and penny would be consequently of about the same weight and size as the English fourpenny piece and sixpence, and would bear about the same relation to the half-franc silver piece in size and weight as the two English coins. The scheme also comprises the creation of a nickel piece of twenty-five centimes, or quarter franc, to weigh five grammes, and measure twenty-two millimeters. The weight would be exactly that of the silver franc, but the coin would be slightly thicker, as the latter has a diameter of twenty-three millimeters. The weight of two, three, and five grammes for the pieces of five, ten and twenty-five centimes is a departure from the metric system, but as the value given to the coin is only conventional, the disproportion is overlooked.

BOOK NOTICES.

Natural Law in the Business World. By HENRY WOOD. Boston: Lee & Shepard.

This book is now issued in a cheaper form. The author's spirit is admirable; he has evidently sought to do a useful thing—to look at the several subjects handled by him in a judicial way, and his book will be helpful for these reasons, even if it contain nothing particularly new in principle and illustration. The title, in our opinion, is not well chosen, for there is no such thing as natural law, or any other kind of law, in the business world. Persons produce and exchange for many reasons; they are governed in an endlessly varying way by numerous influences, and it is a violent use of language to call these laws. But regarding his laws as principles and modes of conduct, they are expressed plainly and clearly. Many of his facts are quite fresh, and the evident spirit of fair-mindedness which runs through the book must make a good impression on every reader.

The Condition of the Working Class in England in 1844. With Appendix written 1886, and Preface, 1887. By FREDERICK ENGELS. Translated by FLORENCE KELLY WISCHNEWETZKY. *Social Solutions.* By M. GODIN. Translated from the French by MARIE HOWLAND. New York: John W. Lovell Company.

The first of these books is a description of the working class of England in 1844 by an enthusiastic German, who tells many plain truths though with some exaggerations. He is an ardent follower of Karl Marx, believing in his form of socialism and rejecting the teachings of Henry George. "It seems to me," he says, "that the Henry George platform, in its present shape, is too narrow to form the basis for anything but a local movement, or, at best, for a short-lived phase of the general movement. * * What the socialists demand implies a total revolution of the whole system of social production; what Henry George demands leaves the present mode of social production untouched." Godin's experiment is one of the most interesting and instructive that has ever been attempted. It represents a new departure in distribution, whereby the fruits of industry diverge to the many instead of converge to the few. The establishment known as the "Famillistere" consists of three "flats," school house, theater, nursery and a twenty-acre park and garden. It has its own newspaper, a printing office and a coöperative store. The workmen's homes, consisting of 250 separate tenements, are let at rents that pay three per cent. on the investment. Tenants can purchase shares and in time become proprietors. The plant and works are in shares of twenty-five francs each, by the purchase of which the whole body of workmen may become actual partners in the business. He employs nearly 1,000 hands, who are engaged on the profit-sharing basis. The capital of the company is \$1,200,000, and the wage account is

about \$414,000. Employees are classified by length of service and personal qualifications. In nine years the bonuses have amounted to \$650 per man for the lowest class, and over \$2,000 for the highest. This is an outline of Godin's plan. The success of the experiment should find imitators. This basis of distribution is the golden key to contentment and prosperity, the solution of the great question which is agitating the industrial world.

Federal Taxes and State Expenses. By WILLIAM H. JONES. New York and London: G. P. Putnam's Sons. 1887.

The author has here given us the result of five years' study of the question of taxation in relation to the State and federal governments. Several of the single cities of the United States now raise and expend more in a single year than the annual amount required to "promote the public welfare" of the nation a century ago. He discusses in detail the meaning, from a financial view-point, of the phrase, "The General Welfare of the United States," showing that in the preamble and the subsequent provisions of the Constitution, there are two distinct phases of the idea. In property valuations, he shows that monarchy is cheaper than "republican simplicity." He believes in the Blair bill for the education of the illiterate in the South by means of federal aid. He gives a clear analysis of a county tax-list, which shows that the heaviest burdens of taxation fall on those least able to bear them. Mr. Jones urges a division of the federal revenue among the States. As the effect of the power of indirect (and the less oppressive) taxation rests with the federal government, it should be exercised for several reasons. One is that existing State taxes on valuations are excessive and unfair. Another is that the cost of carrying on and developing a State is greater than its practical resources for taxation. States must fail to raise money by excise taxes because they have no concerted action. So Mr. Jones maintains that Congress should "provide for the general welfare" by distributing among the States, according to population, the money raised by federal taxation within the country. The discussion of this subject has barely opened, so that this argument on the constitutionality of the proposed measure is timely.

DISCOVERY OF THE STAFFORD BANK FRAUD.— Mr. Trenholm, Comptroller of the Currency, says that "the discovery of the criminal conduct of the cashier is in my judgment due in the first instance to the fact that the bank was examined unexpectedly. In the regular course of things the examination would not have taken place until next January, but Mr. Hyatt, who examined it last January, mentioned to me that he had intended to make a re-examination during the summer, and suggested that whoever should be appointed his successor should be instructed to visit that bank. For this reason Bank Examiner Foreman was ordered to make the September examination, which, as Mr. Hyatt expected, took the cashier unawares and led to the detection of the embezzlement."

BANKING AND FINANCIAL ITEMS.

THE NATIONAL BANK ACT.—A work is in press, and will soon be issued, containing the National Bank Act and its judicial construction, by the editor of the BANKERS MAGAZINE. All the cases in the State and federal courts relating to the meaning of the law have been carefully reviewed. The work is not a mere digest, but when several cases relate to the same statute, or clause, they are compared, and the principle contained in them is given. As no such work exists, it is believed that this will prove useful to the officers of national banks and members of the legal profession.

A NOTED COUNTERFEITER.—After serving a sentence of fifteen years in the Northern Indiana penitentiary for counterfeiting, Pete McCartney, the prince of "queer shovers," was released on the 29th of October, but only got as far as the big iron gates, where a deputy United States Marshal arrested him again, to further answer for his former crimes. The Marshal has a warrant to take McCartney to the jurisdiction of the United States Court for the Southern District of Illinois at Springfield, where an indictment eighteen years old hangs over his head, for making and passing spurious bank notes. McCartney has a national reputation as the greatest counterfeiter in the United States. He operated successfully, to the consternation of the Government officers, for years before he was captured. He was finally arrested at Richmond, Indiana, and tried to bribe his captors with \$1,500 good money to allow him to escape, but the offer was rejected. During his prison life here, McCartney has made two efforts to get away, one nearly successful. When first imprisoned, he was worth considerable money, but it is all gone now, and with it his health. He is sixty-nine years old.

AUGUSTUS G. RUGGLES, president of the First National Bank of Fond du Lac, Wis., who died last month, possessed marked ability, great keenness of foresight in business matters, which, together with unswerving integrity, which was one of his leading characteristics, enabled him to amass a large fortune. He will be greatly missed in business circles.

MR. W. G. PURDY, secretary and treasurer of the Chicago, Rock Island & Pacific Railway Co., has been elected vice-president, vice A. Kimball, appointed assistant to the president, and Mr. J. F. Phillips, late cashier, has been appointed assistant secretary and assistant treasurer. These are worthy promotions, and are more to be commended because they are in the line of regular advancement. This is one of the highest incentives to the getting of the best possible service from employees.

THE address of ex-Comptroller Knox at the Bankers' Convention in Pittsburgh has received much attention from the press, both in this country and abroad. Among other journals, the London *Statist* has laid before its readers Mr. Knox's two and a-half per cent. bond plan, which, it says, in its essential principles is identical with the plan suggested not long before in its own columns. But, that journal adds, "it is better than our plan in some of its details, and it has this further advantage, that it is recommended by the high authority of Mr. Knox." The plan set forth very clearly in the article, the writer remarking at the close: "As we have often pointed out, it is not to be expected that a great remission of taxes will be carried when there is no powerful popular agitation to compel it. Yet, unless some plan such as Mr. Knox suggests is adopted, the revenue must be cut down, and very greatly, too, or the expenditure must be enormously increased; and in any case, if a crisis in the money market is to be avoided, there must be prompt action. Mr. Knox's plan, however, would offend neither free traders nor protectionists, while it would leave time to Congress deliberately to make up its mind as to the ultimate measures it would adopt."

THE ATLANTIC TRUST COMPANY.—The *New York Journal of Commerce*, in speaking of this new enterprise, says that "the capital stock of half a million was long ago subscribed with many eager applicants unsatisfied. The offer of money was so abundant that the trustees determined to place the company at once on the footing of an established institution, with a surplus on the start equal to its capital. Each subscriber was accordingly called on to pay up \$200 for each share at \$100 par; unsuccessful applicants for stock stood by, hoping that this requirement would discourage some subscribers and give them a chance to come in, but all expectations of this sort were, however, disappointed. The indications are that the company could have started with five millions paid up capital just as readily as with one. The conclusion need not be jumped at that capital seeking investment is so largely overabundant, because the investment in this case was made especially attractive by the reputation of its promoters. The popularity of Mr. William H. Male, president of the late Union Bank, who is president of the new company, was an important element. The fact that the leading officers of the Atlantic Mutual Insurance Company and other gentlemen of first-class financial standing are large stockholders and connected with the management, left investors only one question to ask, and that was simply whether they could get any stock. The institution naturally takes the name of the Atlantic Trust Company, though it has no business relation with the Atlantic Mutual Insurance Company. It is understood to be the first institution fully organized under the general act for the incorporation of trust companies, passed at the last session of the Legislature, has received its certificate of authorization from the Superintendent of the Bank Department, and has begun business at No. 39 William street, in the building belonging to the Atlantic Mutual Insurance Company. The board of trustees consists of William H. Male, Alexander M. White, Matthias Nicoll, Walter R. T. Jones, Clifford A. Hand, Edward H. R. Lyman, Charles D. Leverich, Henry A. V. Post, Edwin F. Knowlton, J. Langdon Ward, Thomas Hitchcock, John Elliott, William H. H. Moore, William J. Riker, Anton A. Raven, Alfred Wagstaff and Joseph H. Chapman."

CINCINNATI.—The First National Bank of Montgomery, Ala., has entered suit against David Armstrong, receiver of the Fidelity National Bank, to recover \$2,379.56, and asks that an order be issued restraining him from paying out the assets of the bank until this suit is settled. The Southern bank claims that on June 16th a bill of exchange was drawn in its favor on the American Cotton-seed Oil Company. It was sent to the Fidelity for collection on the same day. Their order was carried out, as the draft was endorsed by Ammi Baldwin, cashier. They instructed him to remit, but he failed to do so. The bank therefore claims the amount in question is not a part of the assets of the Fidelity.

MORTGAGE BONDS.—We have laid many facts relating to these investments before our readers within a few months. If placed on good property and are looked after, of course, they are a most desirable form of investment. Messrs. Siebold, Fisher and Co., of Abilene, Kansas, who deal in these securities, can very truly say that "the holder of a first mortgage upon this class of property—made at par for an amount not exceeding one-third the actual amount of the security, paying a prompt semi-annual dividend of seven per cent. per annum, and at maturity certain to be paid at par—possesses, all things considered, the safest and most profitable known form of investment." Not only must the investment be safely made, but it must be looked after. More than one investor has lost through neglect. In their circular to investors, Messrs Siebold, Fisher & Co. say: "We keep a full record of every loan, attend to the collection of the interest and principal, and constantly look after everything which could affect the interests of our investors. When an insurance policy is about to expire we see that it is properly renewed. When taxes become due we require their prompt payment. The perfection of our system enables us at all times to keep thoroughly acquainted with the circumstances of each borrower and the condition of his security, until the loan is finally paid. Our own interests, no less than the protection of our customers, require that no care or precaution be omitted which tends to increase the safety of our loans. Every member of our company is actively engaged in the conduct of its business, and all its details are under our direct personal supervision."

FIDELITY BANK.—The report of Receiver Armstrong to the Comptroller of the Currency, contains, among other features, full schedules of the assets and liabilities of the Fidelity National Bank, as they existed at the day of the failure, June 21, 1887. The showing is, on the whole, much better than has been expected by the depositors, and with the assessments on stockholders that will be made, and suit, against the directors, in addition to the valuable assets, they will probably come out of their trouble without much, if any, loss. These schedules place the nominal value of the assets at upwards of \$5,800,000, of which more than one-half are classed as worthless or doubtful. The apparently valid claims upon the banks proved and not yet proved, are about \$3,800,000, while there are amounts in dispute aggregating nearly \$1,500,000. The subscriptions to the increase of capital stock amount to \$1,163,000, and less than half of this amount was paid in money, and even if what was so paid should be finally adjudged to constitute a liability of the receivership, it will be nearly all offset by assessments on original stock. The liabilities to depositors are about \$800,000, of which a little over \$600,000 appears to be held locally. Banks and bankers appear as creditors for more than \$3,000,000, but more changes may be made in these figures. On account of the doubtful value of the assets and the large claims in dispute, it is impossible at the present time to make an estimate of what dividends may be paid ultimately. The cash in hand and the amount of assets undoubtedly good warrant a present dividend of 25 per cent., and the Receiver has been instructed to prepare the checks and schedules at once. Claims amounting to less than one-half of the apparent liabilities of the bank have as yet been proved under the three months' notice given to creditors in accordance with the provisions of Section 5.225 of the Revised Statutes of the United States, and of course unproved claims must now await attention until after the first dividend.

A NEW UP-TOWN BANK.—Considering the rapid growth of the upper part of New York city it is no wonder that it is necessary to increase the banking facilities. The latest addition is the Union Bank, situated on Fifth ave., between 57th and 58th streets. The capital of the bank is \$250,000. The president is Mr. J. W. Kilbreth, who formerly lived in Cincinnati and afterward came to New York and formed, about seventeen years ago, the well-known banking house of Hewson, Kilbreth & Company. Mr. J. H. Hewson, formerly vice-president Fourth National Bank of Cincinnati, is the vice-president of the Union Bank. Mr. W. S. Griffith, the cashier, was first connected with the First and Third National Banks of Cincinnati, Ohio, but during the past seventeen years has been in the employ of Messrs. Winslow, Lanier & Company, the well-known bankers of this city. The directors of the Union Bank include Eugene Kelly, Charles M. Fry, John W. Ellis, Joseph Park, Donald Mackay, Lewis Seasongood of Cincinnati, and A. D. Juillard.

HIGH PRICE FOR BANK SHARES.—The cashier of the Farmers National Bank of Constantine, Michigan, some years ago absconded. He owned ten shares of the bank's stock, par value \$1,000. These the bank attached and the Supreme Court confirmed its action. But a bank cannot, in its own incorporate name, hold its stock beyond a certain limited period, and the Bank Examiner, on the advice of the Controller of the Currency, ordered the sale. The stockholders, it seems, were divided into two strongly-contending parties and were unable to agree as to how the stock should be divided among them, as possession of a majority of these ten shares would give whichever party secured it the control of the bank. The stock had been bid in for the stockholders last winter for \$1,600, and last Friday it was put up again for sale. As an ordinary business transaction \$1.80 on the dollar would have been about the figure, but the struggle was for supremacy, and the stock was run to a higher figure than any such property ever before went in that State. President C. H. Barry, Jr., cashier J. G. Schurtz, and Rebecca Thorne were the bidders. Mr. Schurtz got the first of the ten shares at \$1,993, the second at \$2,299, the third at \$3,001 and so on until he had paid \$20,006 for six shares. The possession of one more share would give him and his party control. For the remaining four shares Mr. Barry paid \$24,344, giving \$12,000 for the last one of them, the possession of that share turning the scale in his favor and securing to him and his side the control of the bank.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from November No., page 399.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
CAL....	Oceanside.....	Bank of Oceanside.....	Chase National Bank.
	\$50,000	Daniel H. Horne, <i>Pr</i>	Edgar S. Payne, <i>Cas.</i>
" ..	San Bernardino.	San Bernardino Nat. B'k.	.....
	\$200,000	J. G. Burt, <i>Pr.</i>	E. H. Morse, <i>Cas.</i>
COL...	Holyoke.....	Holyoke Exchange Bank.	Kountze Bros.
	\$25,000	Lafayette Tinkel, <i>Pr.</i>	Ralph E. Webster, <i>Cas.</i>
DAK....	Drayton.....	First Bank.....	Hanover National Bank.
	\$10,000	Samuel R. Smith, <i>Pr.</i>	Henry L. Crandell, <i>Cas.</i>
		John D. Wallace, <i>V. Pr.</i>	
FLA....	Ocala.....	Merchants Nat. Bank....	National Park Bank.
	\$50,000	John F. Dunn, <i>Pr.</i>	R. C. Jelks, <i>Cas.</i>
		E. P. Dismukes, <i>V. Pr.</i>	R. B. McConnell, <i>Ass't Cas.</i>
ILL....	Atlanta	Peoples Bank.....	Importers & Traders Nat. Bank.
	\$25,000	Geo. W. Funk, <i>Pr.</i>	Chas. H. Turner, <i>Cas.</i>
		P. R. Marquart, <i>V. Pr.</i>	
" ..	Illioipoles.....	Sangamon County Bank.	National Park Bank.
		Abraham H. Lucas, <i>Pr.</i>	Oscar J. Lucas, <i>Cas.</i>
		Lon E. Millar, <i>V. Pr.</i>	
" ..	Murphysboro. .	Bank of Murphysboro....	Gilman, Son & Co.
		(D. C. Walker)	James E. Walker, <i>Cas.</i>
" ..	Seneca	Bank of Seneca.....	.....
	\$25,000	James H. Harney, <i>Pr.</i>	Daniel R. Harney, <i>Cas.</i>
IOWA...	Ellsworth.....	Bank of Ellsworth.....	.....
	\$33,000		J. O. Lenning, <i>Cas.</i>
" ..	Guthrie Centre.	Guthrie State Bank.....	Chase National Bank.
	\$25,000	Frank M. Hopkins, <i>Pr.</i>	Edgar C. Lane, <i>Cas.</i>
		Matt. Parrott, <i>V. Pr.</i>	
" ..	Milton.....	Citizens Bank.....	National Park Bank.
	\$10,000	John W. Carr, <i>Pr.</i>	Wm. D. Russell, <i>Cas.</i>
		Joseph E. Billups, <i>V.P.</i>	H. C. Hill, <i>Ass't Cas.</i>
KAN....	Horton	First National Bank.....	Importers & Traders Nat. Bank.
	\$50,000	Scott Hopkins, <i>Pr.</i>	Frank M. Wilson, <i>Cas.</i>
		Alex. Dunn Jr., <i>V. Pr.</i>	
" ..	Humboldt.....	Humboldt First Nat B'k.	.....
	\$60,000	E. A. Barber, <i>Pr.</i>	Geo. C. Barber, <i>Cas.</i>
" ..	Mankato.....	Jewell County Nat. Bank.	Chemical Nat. Bank.
	\$50,000	John J. La Mar, <i>Pr.</i>	Geo. B. Goodrich, <i>Cas.</i>
		Virgil W. Keene, <i>V. P.</i>	
" ..	Osage City.....	First National Bank.....	Importers & Traders Nat. Bank.
	\$50,000	John D. Hall, <i>Pr.</i>	D. C. Lake, <i>Cas.</i>
		S. B. Pette, <i>V. Pr.</i>	
" ..	Stockton.....	Exchange Bank.....	Importers & Traders Nat. Bank.
	\$50,000	J. W. Callender, <i>Pr.</i>	E. J. Williams, <i>Cas.</i>
		T. E. Baldwin, <i>V. Pr.</i>	
" ..	Stockton.....	State Bank of Stockton..	National Park Bank.
	\$50,000	Morris J. Coolbaugh Jr., <i>P</i>	James W. O'Donnell, <i>Cas.</i>
		Jacob Hendricks, <i>V. Pr.</i>	
" ..	Winfield.....	Citizens Bank.....	Kountze Bros.
	\$50,000	Samuel H. Myton, <i>Pr.</i>	Harry A. Brown, <i>Cas.</i>
		Thos. W. Myton, <i>V. Pr.</i>	
KY....	Paris	Bourbon Bank.....	Hanover National Bank.
	\$100,000	Ezekiel F. Clay, <i>Pr.</i>	Buckner Woodford, <i>Cas.</i>
LA....	New Orleans...	Chas. F. Hoffman.	Brown Bros. & Co.
ME....	Ellsworth.....	First National Bank.....	.....
	\$50,000	Andrew P. Wiswell, <i>Pr.</i>	Fred. L. Kent, <i>Cas.</i>
MICH...	Birmingham....	Exchange Bank.....	National Bank of Republic.
		(Whitehead & Mitchell)	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
MICH...	Harbor Springs. \$8,000	Harbor Springs Bank...	Chase National Bank. Wade B. Smith, <i>Cas.</i>
" ..	Iron Mountain. \$50,000	First National Bank..... John R. Wood, <i>Pr.</i>	..... H. E. Pearse, <i>Cas.</i>
NEB....	Petersburg..... \$10,000	Bank of Petersburg.....	Robert Hoy, <i>Cas.</i>
" ..	Riverton..... \$10,000	Riverton Exchange Bank. (Willis O. Robinson)	Chemical National Bank. Frank W. Dean, <i>Cas.</i>
N. J....	Atlantic City... \$25,000	Atlantic Safe Deposit & Trust Co. Daniel Morris, <i>Pr.</i>	..... Lorenzo A. Down, <i>Sec. & Treas.</i>
N. Y...	Canandaigua... \$100,000	Canandaigua Nat. Bank. Frank H. Hamlin, <i>Pr.</i>	National Park Bank. Hiram T. Parmele, <i>Cas.</i>
" ..	Canandaigua... \$100,000	Canandaigua Nat. Bank. Robert Chapin, <i>V. P.</i>	.....
N. C...	Durham..... \$100,000	First National Bank..... J. S. Carr, <i>Pr.</i>	..... Leo D. Heartt, <i>Cas.</i>
" ..	Durham..... \$100,000	First National Bank..... Chas. S. Bryan, <i>V. P.</i>	.....
OHIO..	Camden..... \$50,000	Camden Bank..... Sylvester S. Puckett, <i>Pr.</i>	Chase National Bank. Harry L. Glenn, <i>Cas.</i>
" ..	Greenville..... \$25,000	Greenville Savings Bank. John W. Norwood, <i>Pr.</i>	..... John W. Norwood, <i>Treas.</i>
" ..	Toledo..... \$250,000	Ketcham National Bank. John B. Ketcham, <i>Pr.</i>	Bank of N. Y. N. B. A. S. H. Warnig, <i>Cas.</i>
" ..	Toledo..... \$250,000	Ketcham National Bank. John B. Ketcham, <i>Pr.</i>	..... E. D. Ross, <i>Asst. Cas.</i>
PENN...	Mountville..... \$50,000	Mountville National B'k. I. H. Kauffman, <i>Pr.</i>	..... Geo. Crane, <i>Cas.</i>
" ..	Mountville..... \$50,000	Mountville National B'k. Martin G. Musser, <i>V. P.</i>	.....
S. C....	Sumter..... \$50,000	Simonds National Bank.. Andrew Simonds, <i>Pr.</i>	Nat. Park Bank. James M. Carson, <i>Cas.</i>
" ..	Sumter..... \$50,000	Simonds National Bank.. R. M. Wallace, <i>V. P.</i>	.....
" ..	Yorkville..... \$20,000	Exchange Bank..... T. S. Jefferys, <i>Pr.</i>	National Park Bank. F. A. Gilbert, <i>Cas.</i>
TEXAS..	Blanco..... \$50,000	Boon & Crist. Wood, Dickson Mortgage and Bond Co.....	..... Bank of N. Y. N. B. A. Wm. H. Cooke, <i>Cas.</i>
" ..	Clarendon..... \$50,000	Wood, Dickson Mortgage and Bond Co..... O. P. Wood, <i>Pr.</i>	..... Wm. H. Cooke, <i>Cas.</i>
" ..	Fredericksburg.. \$10,000	Bank of Fredericksburg.. (Temple D. Smith)	Hanover National Bank.
" ..	Itasca..... \$13,500	Bank of Itasca..... (T. C. Phillips)	Hanover National Bank. T. C. Phillips, <i>Cas.</i>
" ..	Mt. Vernon..... \$20,000	Mt. Vernon Bank..... (Majors & Co.)	National Park Bank. A. J. Majors, <i>Asst. Cas.</i>
" ..	Terrell..... \$50,000	First National Bank.. John C. Russell, <i>Pr.</i>	..... M. W. Raley, <i>Cas.</i>

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from November No., page 400.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. C. National Bank of Commerce..	John J. Astor, <i>V. P.</i>	Robt. L. Kennedy.
COL.... Trinidad Nat. Bank, Trinidad.	E. D. Wight, <i>Cas.</i>	T. B. Collier.
DAK.... First Nat. Bank, Parker.....	W. L. Baker, <i>Cas.</i>	George W. Stone.
DEL.... First National Bank, Milford..	James M. Hall, <i>Pr.</i>	H. B. Fiddeman.*
FLA.... First Nat. Bank, St. Augustine.	Josiah James, <i>Cas.</i>	Geo. W. Gibbs.
ILL.... First National Bank, Quincy..	Fred. Boyd, <i>Asst. Cas.</i>	J. G. Rowland.
IOWA... Grinnell Savings Bank, Grinnell	D. G. Frisbie, <i>Pr.</i>	Darwin Forbes.
" .. Exchange Bank, Walker.....	Chas. H. Nietert, <i>Cas.</i>	Henry J. Nietert.
KAN.... Citizens Nat. Bank, Concordia.	J. W. Peterson, <i>Cas.</i>	Charles P. Tilden.
" .. Elmdale Bank, Elmdale.....	S. B. Stotts, <i>Cas.</i>	W. R. Stotts.
" .. Bank of Williamston, W'mston	J. H. Webb, <i>Pr.</i>	E. H. Smith.
KY..... Boone Co. Dep. B., Burlington.	J. G. Furnish, <i>Cas.</i>	J. C. Revill.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
MASS.	First Nat. Bank, Greenfield...	Henry F. Nash, <i>Pr.</i>	W. B. Washburn.*
"	Essex Nat. Bank, Haverhill...	Jonathan Russ, Jr., <i>Cas.</i> ...	Wm. Caldwell.
MICH.	Detroit National Bank, Detroit.	Christian H. Buhl, <i>Pr.</i> ...	Henry P. Baldwin.
MINN.	First National Bank, Lu Verne.	C. C. Thompson, <i>Cas.</i> ...	W. H. Halbert.
MONT.	First Nat. Bank, Butte City...	Andrew J. Davis Jr., <i>Cas.</i>	Jas. A. Hyde.
NEB.	De Witt Bank, De Witt.....	Chas. B. Anderson, <i>Cas.</i>	E. M. Dawes.
"	Red Cloud Nat. B., Red Cloud	P. A. Beachy, <i>Ass't Cas.</i>	.....
"	Citizens Bank, Wymore.....	Lake Bridenthal, <i>Cas.</i> ...	M. R. Gentry.
N. Y.	Deposit Nat. Bank, Deposit.	Chas. J. Knapp, <i>Pr.</i> ... James H. Knapp.*	
		Herbert W. Knapp, <i>Cas.</i>	Chas. J. Knapp.
OHIO.	First National Bank,	Chas. P. Knapp, <i>Ass't C.</i>	Herbert W. Knapp.
	Toledo.	M. Nearing, <i>Pr.</i>	V. H. Ketcham.
"	Second National Bank,	Jos. M. Spencer, <i>Cas.</i> ...	S. D. Carr.
	Warren.	Henry C. Christy, <i>Pr.</i> ...	C. A. Harrington.
		Sidney F. Bartlett, <i>V. P.</i>	H. C. Christy.
		C. A. Harrington, <i>Cas.</i> ...	R. W. Ratliff.*
PENN.	Fulton Nat. Bank, Lancaster.	John C. Carter, <i>Cas.</i> ...	John Hertzler.
"	Northern Nat. Bank, Lancaster.	Elam J. Ryder, <i>Cas.</i> ...	John C. Carter.
"	Second National Bank,	James H. Willock, <i>Pr.</i> ...	Wm. Cooper.*
	Pittsburgh.	T. W. Welsh, Jr., <i>Cas.</i> ...	James H. Willock.
TEXAS.	First National Bank, Albany..	W. D. Reynolds, <i>V. Pr.</i>	R. E. McAnulty.
VT.	Lamoille Co. N. B., Hyde Park	Edward L. Noyes, <i>Cas.</i> ...	Edw. L. Noyes, <i>Act.</i>

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from November No., page 400.)

<i>No</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital</i>
3806	First National Bank..... Iron Mountain, Mich.	John R. Wood,	H. E. Pearse,	50,000
3807	Humboldt First National Bank.. Humboldt, Kan.	E. A. Barber,	Geo. C. Barber,	60,000
3808	Mountville National Bank..... Mountville, Penn.	I. H. Kauffman,	Geo. Crane,	50,000
3809	Simonds National Bank..... Sumter, S. C.	Andrew Simonds,	James M. Carson,	50,000
3810	First National Bank..... Horton, Kan.	Scott Hopkins,	F. M. Wilson,	50,000
3811	First National Bank..... Durham, N. C.	J. S. Carr,	Leo. D. Heartt,	100,000
3812	Jewell County National Bank.. Mankato, Kan.	John J. La Mar,	Geo. B. Goodrich,	50,000
3813	First National Bank..... Osage City, Kan.	John D. Hall,	D. C. Lake,	50,000
3814	First National Bank..... Ellsworth, Me.	Andrew P. Wiswell,	Fred. L. Kent,	50,000
3815	Merchants National Bank..... Ocala, Fla.	John F. Dunn,	R. C. Jelks,	50,000
3816	First National Bank..... Terrell, Texas.	John C. Russell,	M. W. Raley,	50,000
3817	Canandaigua National Bank.. Canandaigua, N. Y.	F. H. Hamlin,	H. T. Parmele,	100,000
3818	San Bernardino Nat. Bank..... San Bernardino, Cal.	J. G. Burt,	E. H. Morse,	200,000

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from November No., page 401.)

N. Y. CITY.....	A. S. Hatch & Co. reported failed.
"	Keppler & Sancton have dissolved partnership; the business will be carried on by W. B. Sancton at the same place, 68 Broadway.
ARIZ... Prescott	Bank of Prescott is reported to have discontinued.
FLA.... Ocala.....	Bank of Ocala now Merchants National Bank.
ILL.... Murphysboro ..	Bank of Murphysboro (E. N. Smith) now D. C. Walker, proprietor.
KAN. .. Mankato.....	Jewell Co. Bank, (La Mar & Goodrich) now Jewell County National Bank.
" .. Osage City.....	Citizens Bank of Osage City now First National Bank.
" .. Stockton.....	Baldwin, Callender & Co. now Exchange Bank incorporated.
" .. " ..	Bank of Stockton, now State Bank of Stockton, same correspondents.
" .. Winfield.....	Winfield Savings Bank, succeeded by Citizens Bank.
KY. .. Grayson.	Grayson Banking Co. (C. C. Magann & Son) is closing up its business.
LA..... New Orleans..	W. F. Halsey, succeeded by Chas. F. Hoffman, same correspondents.
MICH .. Alma.....	H. B. Walby & Co. succeeded by W. S. Turck & Co.
" .. Harbor Sp'ngs.	Hopkins, Lyon & Co., succeeded by Harbor Springs Bank, same correspondents.
MO..... St. Louis	Fifth National Bank has been placed in the hands of a receiver.
N. Y... Canandaigua. .	First Nat. Bank succeeded by Canandaigua Nat. Bank.
NEB.... De Witt.....	De Witt Bank (Dawes & Foss) now Foss & Anderson proprietors.
" .. Riverton.....	Exchange Bank, (Childs & Marshall) succeeded by Riverton Exchange Bank, Willis O. Robinson, proprietor.
" .. Tecumseh.	First National Bank has gone into voluntary liquidation.
OHIO... Toledo.....	Ketcham's Bank now Ketcham National Bank.
PENN... Philadelphia...	American Bank reported suspended.
S. C.... Yorkville.....	T. S. Jefferys succeeded by Exchange Bank.
WIS.... Clinton	Exchange Bank, (O. C. Gates), sold out to Citizens Bank.

Sterling exchange has ranged during November at from 4.84¼ @ 4.85½ for bankers' sight, and 4.81½ @ 4.82¼ for 60 days. Paris—France, 5.22½ @ 5.21¼ for sight, and 5.25 @ 5.23¼ for 60 days. The closing rates of the month were as follows: Bankers' sterling, 60 days, 4.81¼ @ 4.81¾; bankers' sterling, sight, 4.84½ @ 4.84¾. Cable transfers, 4.85 @ 4.85¼. Paris—Bankers', 60 days, 5.25 @ 5.24½; sight, 5.22½ @ 5.21¾. Antwerp—Commercial, 60 days, 5.27½ @ 5.26¾. Reichmarks (4)—bankers', 60 days, 94¼ @ 94½; sight, 95½ @ 95¼. Guilders—bankers', 60 days, 39½ @ 40; sight, 40½ @ 40¾.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, NOVEMBER, 1887.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in November.						RAILROAD STOCKS.				MISCELLANEOUS.						
GOVERNMENTS.		Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	RAILROAD STOCKS.				MISCELLANEOUS.					
4½s, 1891.... reg.	Quarterly	Mar.	107½	107½	107½	107½	Col. H. Valley & Tol.....	23½	27½	23½	24½	Norfolk & Western.....	—	17	14½	15
4s, 1891.... coup.			108½	108½	108½	108½	Col. & H. C. & I.....	28½	33½	27½	29½	Do	40	44	39	42
4s, 1897.... reg.		Jan.	120½	120½	120½	120½	Del. & Hudson.....	101½	106½	100½	105½	Do	21½	24½	21	22½
4s, 1897.... coup.			126½	127	126	126	Del., Lack. & W.....	127	135	125½	132½	Do	45½	49½	43	46½
6s, cur'cy, 1895, reg.	Quarterly	Feb.	121	122	121	122	Do.	23½	24½	23	23½	Ohio & Mississippi.....	23½	25½	23	24
6s, cur'cy, 1896, reg.			123	124½	123	124½	East Tenn. V & G.....	56½	60½	55	55½	Ohio Southern.....	14½	14½	12½	12½
6s, cur'cy, 1897, reg.		Jan.	123	126½	125	128½	Do	10½	12½	10	10½	Oregon Impt.....	37½	44½	37½	44½
6s, cur'cy, 1898, reg.			127	128½	127	130½	Do	58	65½	58	61½	Oregon R. & N.....	—	91½	88	88½
6s, cur'cy, 1899, reg.		129	130½	129	130½	Do	21	26	21	23½	Oregon Short Line.....	—	19½	12	18	
						Fort Worth & Den.....	—	48½	47½	47½	Oregon & Trans-Con.....	—	18½	17½	20½	
						Houston & Texas C.....	117½	118	116½	29	Pacific Mail.....	18½	22½	33	40	
						Illinois Central.....	—	16½	14	14	Peoria, Decatur & Evansville.....	22½	23½	20½	20½	
						Indiana, Bloom. & Western.....	15½	17	14½	45½	Philadelphia & Reading.....	63½	71½	62	69½	
						Lake Erie and Western.....	46½	48½	45	—	Pullman Palace Car Co.....	14½	141½	135½	—	
						Do	94½	97	93½	95	Rich. & W. P. Term.....	34½	39	23	37	
						Lake Shore.....	58½	63	60	61½	Rome, W. & Ogd.....	79½	88	70½	—	
						Long Island.....	103	103½	103	100½	St. Louis, A. & T. H.....	—	40	34	—	
						Louisville, N. Alb. & Chic.....	—	84½	84½	—	Do	—	37½	34	36	
						Manhattan Consol.....	—	84½	84½	—	St. Louis & San Francisco.....	34½	74½	68½	72½	
						Do	—	84½	84½	—	Do	—	113	113	113	
						Memphis & Charleston.....	87½	92½	86½	88	St. Paul & Duluth.....	108½	103½	103½	106½	
						Michigan Central.....	107½	107½	107½	—	Do	—	103½	103½	106½	
						Mil., L. S. & W.....	103½	108½	103	107	St. Paul, M. & M.....	27½	31½	25½	29½	
						Do	9½	10½	9½	9	Southern Pacific Co.....	48	58½	40	40½	
						Minn. & St. Louis.....	19	24½	19	18½	Tenn. Coal & Iron.....	16	19½	15½	—	
						Mo., Kan. & Texas.....	88	93½	84½	90½	Union Pacific.....	30	33½	29½	31½	
						Missouri Pacific.....	73½	81	73½	108	Do	—	145	141	—	
						Nash., C. & St. L.....	107½	109½	106	108	Express-Adams.....	—	107	110	110	
						N. Y. C. & Hudson.....	15½	17½	15½	25½	American.....	—	70	65½	67½	
						N. Y. C. & St. L.....	28½	31½	28½	29½	United States.....	—	131	127½	131	
						Do	63½	68½	63½	66	Do	—	81½	76½	78½	
						N. Y., L. E. & W.....	40½	43½	39½	40	Western Union.....	—	—	—	—	
						Do	—	17½	10½	8½	Wells-Fargo.....	—	—	—	—	
						N. Y. & New Eng.....	53½	53½	53½	37½	Silver Bullion Cert.....	—	—	—	—	
						N. Y., Sus. & W.....	—	—	—	—	Do	—	—	—	—	
						Do	—	—	—	—	Do	—	—	—	—	

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of November has been, in most respects, one of improvement, in both the finances and commerce of the country. This improvement has not been confined to a few of these markets, as for the previous three months, but has been general. Not only has legitimate business been active and prices, as a rule, satisfactory if not hardening, with the important exception of iron, but speculation in stocks as well as in produce has revived, and the depression which has prevailed in all these markets, for months, has at last given place to activity and recovery in prices, from the depths that threatened ruin to the middlemen and producers as well as the speculators.

During the past month all this has changed. Commission men and brokers in railway securities and in produce have been busy, as the public are returning to these markets, both as investors and as speculators, and prices have been advancing, so that the penalty of a loss has not been attached to the purchases of everybody who had confidence enough in the future of our great staples of production and in the prosperity of our country, to invest in its products. This great change in the temper of speculation, from that which has depressed values of our great products for four years, and nearly ruined their producers, on whose prosperity that of the country itself depends, is a most important improvement in the business situation from every standpoint. The manufacturing industries depend upon good prices for farm products for a market for their goods at remunerative prices; the railroads for good earnings; the banks for employment of their money, with safety and profit; the middlemen of all classes, both commission and speculative, and labor for steady and well-paid employment. Hence the general situation has improved more the past month than in any two of the present year, in spite of the temporary reaction in iron, while the health and soundness of the commercial and financial situation throughout the country has been immeasurably improved by this general return of confidence, and with it, of activity.

The Condition and Prospects of the Money Market.—As a result of this increased activity in trade and speculation, the money market has shown a gradually hardening tendency, with occasional signs of coming stringency which have enabled lenders to force the rate for a day or two up to 10 per cent., from which some have taken needless alarm, of a serious tendency in that direction. But as these spasms have only been for a day at a time, and that day always Friday, it will be seen that the cause is as temporary as the effect, and that it is chiefly due to the change in making loans on Friday for two days instead of one, since the operations of the half-holiday Saturday law have made this change in call loans on Wall Street necessary. In addition there has been the usual time demand for money to carry merchants and manufacturers over the first of January settlements, and consequent closeness in the money market. But this anticipation of such stringency always discounts and averts it. Hence,

with foreign exchange within 1 to 1½ per cent. of a gold importing point, and the ability of the banks to get all the government deposits they can loan at a better rate than 4 per cent. by depositing their 4 per cent. bonds with the Treasury, together with the disposition and interest of the party in power, to keep the money market easy and the country in a prosperous condition on the eve of a Presidential election, there is less reason to anticipate any serious trouble in the money market for a year to come. That safety valve of the money market, found in the deposit of government bonds by the banks with the Treasury, has already placed thirty-three millions of its idle surplus in active circulation, and is capable of making the whole Treasury surplus available, in case of need, whether the incoming Congress makes any disposal thereof or not, which latter it is liable to do.

Foreign and Domestic Exchange have ruled against New York during the past month, as the demand for the former by importers has been sufficient to keep the rate above a gold importing basis, as there has been some selling of American securities by Europe on the advance in our stock market as well as on the fear of a more acute crisis in France before the Presidential succession and the strength of the Republic, as against the monarchical intriguers is determined. At the same time the shipment of currency South to move the cotton crop more freely and earlier than usual, to supply the export and domestic spring demand, and to the Northwest to move the belated spring wheat, has turned domestic exchange against this center and helped to tighten the money market up to the ruling 6 per cent. rate. The demand for currency for Canada on account of bank troubles there has also helped to deplete the surplus of the New York banks.

The Bank Statement and Surplus Reserve.—These conditions have been reflected in the bank statements of November, during which the reserve has been reduced to less than \$7,000,000, although the last statement of the month was more favorable than was expected, in showing a reduction for the week of only about half as much as expected, or a little over \$800,000. When it is considered, however, that the heaviest cotton movement has been seen, as well as of wheat, except at higher prices, it is fair to expect that the return movement from the South and the Northwest will be equal at least to the increased demand from the corn sections, which crop is now just beginning to move. The movement of hogs and beeves from the same belt is not likely to be much, if any, larger for December than for November; and, after the New Year, it is expected to be lighter than last year, and than usual, on account of the short corn crop and higher prices, both of which stimulate early marketings of each.

The Continued Increase in Railroad Earnings and the Stock Market.—Railroad earnings have at last had their legitimate effect on the stock market, and the November advance is what has been indicated, for some time, as the logical result. The public at last came in and bought on the fictitious breaks caused by the Bear manipulators of the previous three months, until they were forced to cover their shorts at a smart loss, after they were convinced that the market was no longer in their control, and not a Bear market. This was also partly due to the absence of Gould, whose departure was regarded as the evidence that, after he had secured the Baltimore

and Ohio Telegraph, by means of his Bear campaign, to cripple the finances of that company, and compel the retirement of President Garrett, his interests were no longer on that side of the market, and that if he was not an active Bull he would at least assist the Bears no more by letting down his own stocks or by putting up the rates of money. There may be a reaction in December in the stock market, but it can hardly be a severe one, such as a year ago, for the conditions are almost if not altogether changed, and earnings warrant about present prices as a rule.

The Reading Company and its Wonderfully Improved Condition.—Reading has again been the feature in the advance in stocks this year, as it was a little earlier a year ago. But then, it was on the prospects of the reorganization, which is now practically completed; and now, on the results of the new management, in nearly \$6,000,000 increase of the net earnings in the first year of the new order of things. Of course, the great improvement in the coal trade in general, and the benefit of the Lehigh strike to the Reading, in particular, were the great factors in this wonderful change and this great prosperity. But many of these conditions existed from 1879 to 1881, and yet Reading sunk deeper and deeper under its load of debt and mismanagement, until its resurrection seemed hopeless, and its securities were the football of every Bear speculation. Now all this is changed, while it is the strongest card of the Bulls, and the worst boomerang of the Bears, as the past month has proved. There is not another railroad in the country, with all the increase of the past year, that can begin to make such a good showing against such a poor one for the preceding year. It is no wonder that London has repurchased its old favorite so freely this year, after so many years of enforced estrangement, in the hopes of recovering some of the millions it lost in buying its bonds to pay the dividends on its stock, to the tune of about \$13,000,000 from 1872 to 1875. All this was sunk in the Reading Coal and Iron Company, which latter is now apparently beginning to pay, and hence in part the wonderful showing of the present year. It is fitting, therefore, that London should reap the fruit of the \$13,000,000 it cast into these Reading coal lands and mines, more than a decade ago.

The Advance in the Northern and Union Pacifics.—The Villard stocks have also shown new life and strength, owing to the placing of the \$8,000,000 Northern Pacific Second Mortgage Loan by Messrs. Villard and Belmont, and have recovered the severe loss of the summer and early autumn, though they have re-lost part of it since on realizations. Union Pacific has also been restored to its old place as a speculative favorite by Standard Oil support, and the rumors of inside information on the part of the Standard Oil people, from their friends in the administration, to the effect that the result of the Government Investigation of the Union Pacific will be a report favorable to the road. The little dark spot on the railroad horizon at the moment is the Grand Trunk rate-cutting, which threatens a Trunk Line war.

Our Export Trade and its Prospects.—With the exception of cotton and flour, which have continued to go out of the country almost as freely the past month as in October, when the shipments were the largest on record, our exports have not been what they were expected, nor up to the usual average of the season of the year, owing to various causes. Chief of these

have been the extremely light shipments of wheat, owing to the heavy imports of Russian wheat by Europe; which, seeing her unusual dependence upon the United States, during the current crop year, because of the lighter surplus of India and other exporting countries of the old and new world, sent an enormous fleet of English steamers to the Black Sea ports during the past three months, in order to get all the Russian wheat available from that source before the close of navigation. These enormous imports have kept the English and Mediterranean markets well supplied; and, with the large shipments of Californian on the way, which were stimulated by the collapse of the San Francisco wheat deal in the late summer and early autumn, have made Europe temporarily independent of the Atlantic ports, and of the Mississippi valley, for its current supplies. But we are not yet half through the crop year; and, as we go into the latter half, the surplus of the Atlantic States will all be wanted. Our markets will then hold the key of those of the world, and doubtless be able to fix the price.

The Balance of Trade is still gaining in our favor, however, in spite of our light exports of the great staples—wheat and provisions, as our imports have fallen off slightly, except of dry goods, during the past month, although the excess of exports may not be quite so large as in October, when it was \$15,000,000. This encouraging result was hardly expected by those who have not watched the steady and rapid revolution going on in our bread-stuffs export trade. For, while our wheat shipments have been almost at the minimum, those of flour have far exceeded any previous year. So much so that what we are behind in the raw material we are ahead, or nearly so, in the manufactured article, on which we thus make the manufacturers', as well as the producers' profit. This is a most encouraging change, and is due to the roller process of manufacture, which is cheaper and makes better flour; while its general introduction in this country and neglect to do so, until now, in Europe, has rendered her unable to compete successfully with American flour.

The Situation of the Produce Markets.—The position of the wheat and flour markets, as affected by the present export demand and the probable future requirements on this crop, was outlined in the explanation of the condition of our export trade. The statistical position of the grain markets, individually and as a whole, has not been so strong in many years. Instead of a large surplus of old crops carried over from last year, the stocks of grain, the world over, were probably never lighter, if as light, as at the beginning of this crop year. The over-production of 1882 to 1885 inclusive had been worked off, and consumption had overtaken production on the last crop, when stocks were reduced again for the first time since 1881 to a normal level. With this crop year, consumption and production started together. But the first half of the crop year always sees an apparent excess of supplies by reason of the necessities of farmers who are compelled to get the money for their crops as soon as possible, regardless of price. This was especially true this year, as the farmers of the world have been impoverished by the low prices of the past four years. Hence, while we entered this crop year—which is the shortest in both food and feed products the world over, owing to the drought of last summer and this autumn, since

1881—with the lightest crops since then, we have had ample supplies thus far on this crop. Therefore, prices have remained about on last year's level until the past month, when the strength of the situation began to assert itself and these markets to advance sharply and steadily in the face of the largest receipts of cotton and wheat on record. This reaction came when least expected, and when the speculators were unprepared for it, as those who were bullish were waiting for the last half of the crop year to develop the situation before they bought, and they waited too long. Hence the sharp advance in the whole produce list during November was the result, not of manipulation, but in spite of the big Bears who, finding they could not hold these markets down, have floated along with them in hopes of a sharp break, for which they are still looking, on which they expect to get in for a long and strong Bull campaign after the New Year.

This is the situation in nearly if not all these markets for food for man and feed for beast. Cotton, wheat, corn, oats, and provisions have all gone up sharply; and, while the prevailing sentiment is that they have gone up too early and too fast, the opinion is equally prevalent that things must all go still higher before another crop is available. The strength is, therefore, on the supply and demand for this crop year, independently of what the next crop may be.

The Crops and their Prospects.—The prospects of the next winter wheat crop have been regarded as doubtful, owing to the autumn drought, which was not broken by general and plentiful rains in the West till the last week in the month, since when the damage is not regarded as so serious.

The hog crop is bound to follow the corn crop, which is now estimated at 150 to 300 million bushels less than last year, or less than 1,500,000,000 bushels, while the hay crop was shortened from the same cause, though oats, being an earlier crop, escaped material damage by the drought. The cotton crop is now admitted by the Government, as well as by private reports, to be less than the early estimates, although the fall weather has been very favorable to a top crop, and three crops will be made in many sections. The depression in the cattle trade, following the over-production of the immense ranges on the plains during the past few years, has also reduced that production, and the wholesale prices of beef, as well as of hog products, is likely to be enhanced, although the butchers' monopoly of the retail market has enabled them to hold the latter at war prices, while wholesale prices have fallen fully half since they established the present exorbitant retail prices. The same is true of bakers' as of butchers' prices, which are as high as when flour was over \$10 per barrel, though it has been under \$5 for the past two or three years. Hence the cost of living will hardly be enhanced materially by this advance in the produce markets, as the community will scarcely stand any new imposition on the part of these retail sharks.

The Grain Warehouse Interests are still having a hard time at the seaboard, where stocks are still light, and the bulk is being carried on free storage for thirty to ninety days, in the hopes that after the expiration of those terms there will be more grain to handle and living rates obtainable. In the meantime the country elevators of the West have been filling up, and

are now forwarding to the Western primary markets. But the bulk of it is likely to stay there till the opening of navigation next spring, as it must soon close, the season now having overrun its average length. The prospects of the seaboard grain elevator men are, therefore, pretty slim, until another crop, unless the railroads reduce instead of advance rates, as usual on the close of lake and canal navigation. Should, however, the Grand Trunk persist in its cutting of rates on dressed beef, as at present, there is more than a chance of a general Trunk Line war that will bring grain rates down to less than this season's water rates, in which case the movement of grain by rail the coming winter may be large. Yet, should the expected increase in export demand for it, be realized, it may go through the seaports without going into the grain warehouses long enough to help them.

The Water Transportation Interests have had a good season so far as inland business is concerned, since the increase of business has helped them, as well as the Inter-State law. But the ocean carrying trade has had another poor year, though not so bad as last. Thanks to the suicidal policy of our government toward our shipbuilding interests, the ocean carrying trade of this country is done in foreign bottoms, and the losses must be borne by Europe. The grain carrying trade of this country and of India have been much less than usual, though that of the Black Sea has been greater, as well as general traffic, the world over.

The Minor Speculative Markets have almost sunk out of sight recently, since the activity and excitement in our produce markets revived. Coffee, early in the month, had a spurt of activity which was engineered from Havre and Rio. But there has been less interest in that market since the middle of the month, although the staple is believed to be in a healthy and strong position on supply and demand. The sugar market has also shown improvement and more life. But the formation of another Standard Oil combination, on the part of the sugar refiners of this country, is not likely to help the sugar producers, who have been nearly ruined the past five years by beet sugar competition, any more than the petroleum producers were helped by the combination of refiners of that staple.

The Petroleum Market, as a speculative one, still remains dead—killed by Standard Oil "milking," until nobody will trade in that staple, in spite of the so-called Producers' Protective Association, to curtail production of crude by stopping new developments. But our exports of refined oil have increased the past month, as is usual at this season, when the nights begin to lengthen.

Fall Trade and the Total of the Year.—The holiday trade has given an improved demand for goods from first hands the past month, and the West and South have been good buyers of staple textile manufactures to an extent that has enabled dealers to get better prices for some lines, especially for cottons, which have been hardened in price also by the advance in cotton. The retail holiday trade is also opening well, and the prospects are that manufacturers and dealers will wind up the present year in better shape than last, both on their fall trade and on the total for the year, although many complain that while there has been plenty of business, there has been little or no profit in it, on account of unusual competition, stimulated early in the year

by the ease in the money market. Yet dealers and manufacturers, who have not sold too much of their paper when money was easy, and bought too large stocks of raw material for an advance, as some are said to have done early in the year, are generally regarded as in good position, with fair prospects for another year of activity and living profits.

The reports of the New York Clearing-house returns compare as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Nov. 5.	\$352,360,600	\$77,086,700	\$22,390,700	\$358,763,400	\$8,018,700	\$9,786,550
" 12..	351,937,300	74,801,700	22,852,900	356,268,800	8,036,300	8,587,400
" 19..	352,168,700	71,710,800	24,220,700	353,774,000	8,035,700	7,488,000
" 26..	353,277,900	70,006,100	24,581,100	351,691,200	8,037,600	6,664,400

The Boston bank statement is as follows:

1887.	Loans.	Specie.	Legal Tenders	Deposits.	Circulation.
Nov. 5.....	\$138,815,500	\$8,732,100	\$2,938,000	\$107,548,600	\$8,408,800
" 12.....	138,617,500	8,987,500	3,384,400	108,128,600	8,282,100
" 19.....	138,434,800	9,288,000	3,239,500	105,811,000	8,078,400
" 26.....	138,169,600	9,026,200	3,258,500	104,897,800	8,031,800

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1887.	Loans	Reserves	Deposits.	Circulation.
Nov. 5.....	\$86,996,800	\$23,674,200	\$85,869,300	\$2,315,750
" 12.....	87,165,900	23,386,000	85,655,700	2,308,250
" 19.....	87,085,000	22,870,900	85,840,900	2,311,750
" 26.....	87,380,000	22,666,600	85,324,800	2,310,750

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Nov. 7.	Nov. 14.	Nov. 21.	Nov. 28.
Discounts.....	6¼@7¼	6¼@7¼	6¼@8	6¼@8
Call Loans.....	4¼@3¼	5	6	7
Treasury balances, coin.....	\$132,014,178	\$131,622,860	\$131,199,674	\$130,728,376
Do. do. currency.....	11,841,681	11,309,772	10,613,656	10,221,880

DEATHS.

HILL.—On November 19, aged seventy-three years, WILLIAM R. HILL, president of Millbury Savings Bank, Millbury, Mass.

KNAPP.—On November 10, aged forty-four years, JAMES H. KNAPP, president of Deposit National Bank, Deposit, N. Y.

PACKARD.—On November 2, aged sixty-three years, E. F. PACKARD, president of First National Bank and Androscoggin County Savings Bank, Lewiston, Me.

PITTS.—On November 10, aged forty-two years, C. H. PITTS, cashier of Farmers & Merchants National Bank, Baltimore, Md.

TAYLOR.—On November 15, aged seventy-three years, CALER N. TAYLOR, president of Farmers National Bank of Bucks County, Bristol, Penn.

WALDBY.—On October 31, aged fifty-three years, E. I. WALDBY, partner of Waldby & Clay's Bank, Adrian, Mich.

THE
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No. 7.

THE NATIONAL ANNUAL FINANCIAL REPORTS.

Whatever defects there may be in administering our Government, there is certainly none in the fullness and accuracy of its Reports. The head of each department presents his annual review, accompanied with the various reports of his subordinates, which cover to the minutest detail all the operations of the Government. Beside the Treasury Report, for example, there are the reports of the Comptrollers, and of the Auditors, and Commissioners, and Heads of Bureaus, which, in turn, also contain other subordinate reports—and through these a complete account is annually published of the receipts and expenditures of the public revenue. It is almost ludicrous that, while the law requires this minute description of the income and expenditure of the Government to be presented and published, so that every one can inform himself in these matters, Congress is as reckless sometimes in its expenditures as the system just described smacks of parsimony. During the last ten years we have gone through the careful record thus presented to the people of its financial operations, and can testify to the minuteness and perfection which have been displayed in public accounting on the one hand, while we confess that we have suffered, too, over the extraordinary and useless expenditures which often run side by side in these presentations of the public business. Doubtless the subordinate reports are not read by many, yet they are accessible to all; but the very size of these Reports repels the ordinary reader, and

thus it comes to pass that with a magnificent revenue, the public know but little concerning the purposes for which it is spent. There are certain items, like the interest on the public debt, the pensions, the salaries of public officers, concerning which the public has some knowledge; but the remainder of expenditures, which in the aggregate form the larger portion, are a sealed book to the multitude. We have often thought if the policy were reversed, of reporting and passing the appropriation bills, that the public would gain enormously in its knowledge of their contents. At present, they are matured in the committee room during the session, and near the close, when public business is pressing the most severely, these great measures, which ought to have careful scrutiny, are pushed through in many cases, under a suspension of the rules, with hardly any explanation and no debate. The other day a bill was introduced into the House, providing that the bills should be reported during the first sixty days of the session, which is a step in the way of better legislation. This is quite time enough to mature all these measures; and if they should then have precedence, and Congress should study and debate them until they were finally passed, the people would come to have a knowledge of the receipts and expenditures of the Government, which now is possessed only by a few. Moreover, there is a strong reason why this should be done, for they are, in fact, the most important measures which now engage the attention of Congress. It is true there are questions of one kind or another always pending before that body, of considerable moment, but really there is none of greater importance than these bills. It must be the wish of every person who has the wise and honest administration of his Government at heart, that such a change in the mode of reporting and legislating on these matters will be made.

In effect, the various reports now annually presented are but little more than a record of the work of the departments. It is true that the practice of making recommendations is continued. They are to be found in almost every one of these documents, from the report of the lowest subordinate to that of his superior, through the whole gamut of officers until the President himself is reached. But these recommendations, whether for good or evil, are but lightly considered either by Congress or by the people. It may be regarded as one of the failings of our Government that the recommendations of those who ought to know what is required in the way of amendment in legislation and administration, should be thus treated; nevertheless no one will deny the fact. When that greatest of all financial geniuses, Alexander Hamilton, was at the head of the Treasury, his recommendations received profound attention, and many of them were embodied into legal form. The same thing is true with respect

to those of Gallatin. The recommendations also of Alexander J. Dallas received the unwilling approval of Congress. But those of his successors have been cast to the winds in the lightest manner, while Gallatin's would have shared a similar fate had not Congress, by foolish and timid action, gotten the country into such a plight that at last the members were obliged to swallow Dallas' dose, notwithstanding its bitterness. But from Crawford's time to the present, with the exception of the civil war period, the administrators of the Treasury Department, whatever their recommendations, have not been treated with very much respect or consideration by Congress. One reason, perhaps, for thus lightly treating the recommendations of these officers, is the familiar and sometimes painful truth of their lack of knowledge of the real needs of the country. For example, Mr. Fairchild has been Secretary of the Treasury for only a few months. Previous to accepting public office, all his attention had been devoted to the practice of law, and although having the best intentions, and evidently understanding the business of his department, and administering its affairs in a highly successful manner, yet it could hardly be expected that a man possessing so little financial experience should make any recommendations to Congress, however sound they might be, which would receive much consideration from that body. The case of Mr. Fairchild is in no wise different from that of any other man having no longer experience, regardless of his party affiliations. This, we repeat, is one reason why these recommendations are so lightly regarded; and yet it is not a full explanation, for during the four years when Mr. Sherman was Secretary of the Treasury, notwithstanding his long familiarity with the subject, and his personal acquaintance with the members of the Senate, his recommendations fared no better. It would be difficult to show many recommendations contained in his four excellent reports embodied in the form of law. Hence, if Mr. Fairchild, and the Comptroller of the Currency, and the Treasurer of the United States, fare in this regard like their predecessors, they ought not to be surprised, however great may be their disappointment. They know full well, or ought to know, how Congress regards such things. Even those of the President, concerning which so many are talking to-day will be pushed out of sight and be forgotten as soon as some other topic emerges into view of much importance. They will go the way of the numberless recommendations made by his predecessors.

Perhaps this will not be cheerful reading for those high functionaries, but it is nevertheless a good reason for not dealing critically with the recommendations contained in their several reports. They all possess more or less merit, and it would be well indeed for the country if they were carefully considered; but the members of Congress have taken the matter of legislating into their own hands.

They keep a sharp eye on the people and inquire, what do they want? Their inspiration does not come from the several departments of the Government; it comes from the voter, and this is likely to remain so. A year or two ago a book was published, entitled "Congressional Government," in which the writer set forth very clearly the failings of Congress in administering the affairs of our Government. It created considerable attention, not because it contained a single new fact, but simply for the reason that the fact was put in such a way that a good many clearly saw it for the first time. But Congress has, as said in the beginning, shaped our legislation, with few exceptions, without much aid or direction from the several executive departments. The source of legislation has largely been the people—their wants and aspirations—and this will be the case during the present Congress, particularly so in view of the impending election; and the remark applies just as truly to the one party in Congress as to the other. Both sides will keep a sharp watch on the wishes of the voter, not only in dealing with the tariff, but in national bank legislation and all kindred questions.

As a record of the doings of the year, these reports are worthy of all praise. They have been prepared with great care and fidelity; they are clear pictures of the enormous financial transactions of the country, and form a part of its history. As such they possess a permanent value, and will be read in the coming years with pleasure and profit. Dry as these reports are to many, it is pleasing to think age gilds them; that interest in them will be quickened as the generations recede into the past, and their doings pass into the realm of myth or imagination.

WHAT WILL CONGRESS DO?

When this number of the MAGAZINE reaches our readers, Congress will be fairly at work. The leading thought in the mind of the Congressman, as some suppose, is the reduction of the revenue. In other words, the finding out and adopting of some plan for reducing the national revenue. The President has delivered himself, and the newspapers have been writing on the subject for several months past, especially when other topics were scarce. No subject is more trite, and it is believed by some that none is more pressing,

Right here, however, we may ask, Is the subject half so pressing as many really or affect to believe? So long as any of the

three per cent. bonds remained outstanding, the Secretary always found ready relief by making bond purchases; but why should not these purchases be continued? The simple fact that all of the threes have been discharged is no argument whatever for abandoning the policy which has been so popular in the years past. Certainly there is no law against purchasing the thousand millions which still remain unpaid; nor is there any precedent against such a course. After the close of the Mexican war the government began to pay the debt that had been incurred by that event, and continued the policy until none was left. The mere fact that the larger portion of the debt redeemed was payable at a future date, did not deter the administration from adopting and persevering in such a policy. So now, there is no law against continuing the policy which has worked so well, and with respect to the economy of which nothing is clearer than that any purchases below the aggregate amount of interest which must be paid in the event of continuing the debt until maturity, will prove a real economy. It is equally clear that all the bonds can be bought at a figure very much below the interest which will accrue and be paid in the event of abandoning the present policy. Inside of a premium of thirty, every bond, doubtless, could be bought, which would be a clear gain of fifty per cent. in purchasing the fours. We do not, however, propose to enter into this subject, except to make clear the fact that there is no such pressing question before the country of a reduction of the surplus, as some imagine. It is true, if the bonds could not be purchased, or the accruing surplus be deposited with the banks for future use, evil would follow; but so long as these alternatives are open, the cry raised in some quarters for reducing the surplus is wholly without foundation.

What will be done? We venture to prophesy that Congress will have a sharp eye on the people before taking any decisive action, particularly as a presidential election is impending. Doubtless the members will fire off numerous speeches during the session, but if it is believed, before the time for final action arrives, that a reduction of the tariff necessarily involves a reduction of wages, neither party will have the courage or the desire to make any extensive changes in the present system. Such a study of the temper and wants of the people will doubtless reduce to soberness many a zealous reductionist, and lead him to conclude that, after all, the wise thing is to continue in the old way. The upshot, therefore, of legislation in this direction will be pretty nearly nil, or, if anything is done, it will be in the direction which will affect the wage-worker the least perceptibly. This is likely to be the outcome of the discussion.

It therefore only remains to be considered what reductions can

be effected with the least probable disturbance to the wage-working classes. The repeal of the whiskey tax is clearly enough seen to be an unpopular movement, and therefore no reduction is likely to be made in that direction; but perhaps a portion or all of the tobacco tax may be removed, for the reason just given. If a further cut be made in the revenue, it is likely to come from sugar, for the reason that the sugar interest is not a large one, and a larger reduction can be made in this, affecting fewer wage-workers than in any other. Of course, a change of the law in this direction would be unpopular with the sugar-producing class; but inasmuch as their numbers are few, and a reduction anywhere would prove unpopular among the producers, it would seem clear that such a change in the law would be less unpopular than any other. Beyond reductions in these two quarters, Congress is not likely to go.

Concerning other measures, there are none of very much importance with which Congress is likely to deal, unless it be the pension bills. Our opinion on this subject has been expressed pretty freely on many occasions, and it seems to us clear enough what ought to be done. The real sufferers, and the families of those who have died from serving, ought to receive more, and Congress can well afford, from its munificent treasury, to pay more. But with respect to the living, we fear Congress is thinking more of votes than of doing justice to them. Let Congress by all means do justice to the soldiers, but let Congress first of all think of the soldiers who have been seriously crippled, and of the widows and survivors of those who have fallen in the strife.

There are thousands of other measures pending before that body, but they are not likely to receive much attention. The bankrupt law is always near passage, but always failing. Probably the best men of the country are as much interested in that as in any other measure pending before that body. As we all know, the session usually preceding the presidential contest is a barren one in legislation, and this is not likely to prove an exception to the rule.

A REVIEW OF FINANCE AND BUSINESS.

THE GENERAL SITUATION.

The month of December has been characterized by fewer important events, both in commercial and financial circles, than any month for some time past, and than December a year ago, when a financial panic swept over Wall street, and depression ruled on nearly all the commercial exchanges of the country. Compared with a year ago there is a vast improvement in every way, and in almost every branch of trade. But the business of the past month has been much less than for any of the autumn months, and much less than was expected. Hence it has been unsatisfactory, and much complaint has been heard from nearly every industry, from which it might be inferred that the business of the country was again going backward, unless the comparison is extended to a year ago, to dispel such an illusion.

THE COMPLAINTS OF FALL TRADE.

In fact, it has become American as well as English to growl and complain; and hence every year sees the driest weather and the poorest crops, according to the farmers; the smallest and most unprofitable trade, according to the merchants; and the "poorest business we ever had," according to the manufacturers. Yet the fact remains that most classes of producers have been busier this year than last, unless it may be the iron men, during the last quarter of 1887. The merchants have done more business, and on a safer basis, because no longer on declining markets as a rule; while the farmers are obtaining better prices for their crops, although they have not generally been so plentiful as a year ago, owing to the protracted drouth of last summer.

THE BEST YEAR SINCE THE DEPRESSION.

The transportation interests of this country, both land and water, have had the best year since the last depression. Labor has been more generally employed, and at better wages, as shown by the general absence of strikes, except in the coal regions and on the coal roads, whereas 1886 was the worst strike year in the history of the country, which did more to injure both manufacturing, transportation and commercial interests than anything but poor crops, or a general panic and liquidation could have done.

A LEGITIMATE BUSINESS PERIOD, BUT NO SPECULATIVE BOOM.

But there has been no boom this year, such as followed the reaction in 1879, and hence people have thought that the recovery

now was not so general as then, nor the country so prosperous. People forget that the present improvement has not been a speculative one, but legitimate, and hence, natural, gradual and permanent, because it is healthy. The reaction in 1879 was essentially speculative, and carried beyond all legitimate bounds, both in point of activity and prices. Hence the depression came sooner and was more violent, and lasted longer.

THE TRUTH ABOUT FALL TRADE.

The whole trouble has been that everybody prepared themselves last summer, for a sort of 1880 boom this fall, and laid in larger stocks of goods early in the autumn, which unduly increased business then, which proportionately diminished that of last month. At the same time, the mild and open weather, all over the country, has disappointed the dealers in winter goods, many of whom have found themselves unable to sell their heavy early autumn purchases, bills for which have been falling due the past month.

This accounts for the increase in failures in some lines of trade and in some sections, and for the poor collections generally, as well as for the light trade of December. As to the complaints of a poorer holiday trade than a year ago, which have been quite general here and in the East, it is difficult to account for them, as well as to believe it has been poorer generally than last year, for the reason that the strikes and less general employment then, certainly rendered the laboring people less able to purchase goods than this year, while the increased earnings of the railroads and larger interest and dividend disbursements have also enabled the investing classes to spend more freely than in 1886.

• IS NEW ENGLAND LOSING HER INDUSTRIES?

But in the New England States it is claimed that the mills have not paid as well as a year ago, although they have done more business. Yet it is difficult to harmonize the better demand for money in all the manufacturing centers, at higher rates of interest the past year, with poorer earnings, unless it be that the revolution which is transferring the cotton mills to the South and the woolen mills to the West, nearer the supplies of raw material, is already rendering both industries unprofitable in the Eastern States. If this is true, what is to become of poor old New England, which has been driven out of agricultural pursuits, excepting the dairy and grazing interests, by the West, if she is also to be driven out of the manufacturing industries, by the South and the West; and her water-power rendered as useless as her land, except to produce for her own consumption, if she is already unable to compete with either the West or the South in

our home markets, and is to be kept out of the markets of the world by a tariff on raw material? The fact that most of the complaints of poor trade come from the Eastern and Middle States, gives some color to this theory, as the South and the West have done a good and profitable fall trade, in spite of short crops.

THE GENERALLY PROSPEROUS CONDITION OF MANUFACTURES.

This seems to be about the only serious and permanent drawback to the generally healthy and prosperous condition and outlook in industrial interests for the coming year, except that the iron, and particularly the steel rail industries, can hardly hope to have a continuation of the really big boom they have enjoyed the past two years from the enormous railway extension in the North and Southwest, caused by the rivalry of the Chicago roads, all of which have been building into each other's field until they have been paralleled as badly as the Trunk Lines had, when the West Shore was completed. The extent of this construction is now placed at 13,000 miles for 1887, the most of which has been extensions of systems radiating from Chicago, the cost of which is estimated at \$25,000 per mile, or over \$300,000,000 cash, which have been absorbed by these enterprises in the last year.

THE CLOUD IN THE RAILROAD HORIZON.

This is the cloud which is already much bigger than a man's hand on the railroad and financial horizon. Indeed, it seems to be the shadow of an impending life-and-death struggle between the entire granger systems of the Northwest and Southwest, as bitter as that between the Trunk Lines, which only ended in the exhaustion of the West Shore, that has cast itself over Wall street and paralyzed the stock market, when the conditions otherwise were favorable for an active Bull market for railway securities, except that the recent continued increase in earnings can scarcely be kept up on the last half of a short crop year, especially if the railway construction, which has swelled this year's earnings, is to fall off one-half in 1888.

THE RAILWAY OUTLOOK FOR 1888.

Yet there is another side to this Bear argument. The enormous increase in the gross earnings of nearly all our old railway systems has been much smaller than the increase in the expenses, because of the wholesale renewals of tracks and bridges and rolling stock of all kinds, and of motive power, necessitated by the increase in traffic, and the depleted condition of weak roads during the late depression. These enormous renewals have or should have been charged in their enormously increased operating expenses, and hence these latter should be as much smaller the coming year as they were

larger this year, if the tonnage of 1888 shall be reduced below that of 1887, by the shorter crops this year and decreased railroad construction.

This is the brighter side of the darker prospects for the transportation interests of this country for the coming year, although it would be an ill wind to the iron trade, which would bring this compensation for the short crops to the railroads and inland water routes, which have shared the prosperity of the railroads the past year. Hence, of the financial equilibrium of the country, so far as it rests upon railroad securities and their earning power, there seems to be less to fear than some have talked and written.

POOR PROSPECTS FOR STOCK SPECULATION.

But the Wall Street speculator and commission man and stock broker have not much to congratulate themselves upon in the present and prospectively neglected stock market the coming year, without much chance of higher prices, on the merits of stocks, until another crop year, while the cliques and investors have no great cause to be alarmed into selling their holdings for fear of a panic either in the stock or money markets, which have passed over the critical time—the closing up of the year's business—without any break or stringency to speak of, or prospect thereof, unless Congress shall pass laws or make appropriations compelling the Government to call in the forty odd millions lately deposited with the banks against Government bonds held by the Treasury.

THE SURPLUS AND TARIFF BUGBEARS.

With a House in strong sympathy with the Executive, and interested equally with him to return their party to office, neither will be likely to do anything on the eve of a presidential election that will cause financial trouble or distress, which always works against the party in power. The same applies with equal force to the prospects of any tariff legislation that will be likely to cause any industrial hardship, either to capital or labor, by radical changes that would paralyze any industry, and throw men, who have votes, out of employment; or capital, that has its "influence" in elections, into disuse. This common sense and politic view of the proposed legislation effecting the tariff and money market at this session of Congress, ought to allay any fears that have been aroused on either score, for effect on said legislation, by the press and those interested; or for party advantage, especially as the bank reserves are again increasing. These are not party, but business questions, which should be treated as such, in the common interest of all, as in Great Britain, where they are kept out of politics.

THE CONDITION AND PROSPECTS OF THE IRON TRADE.

To return to the iron industry, there are some compensating advantages found to offset the prospective loss of new railroad extensions and old railway renewals, in a more general consumption of the staple for new manufacturing plants throughout the country, as well as for agricultural implements, both of which have been as badly worn out during the late depression in these industries as was the plant and rolling stock of the railroads; and, like them, the point has now been reached where renewal is a necessity. With some further reaction in prices, which can be borne by the manufacturers, railroads also will continue their replacement in branches and on roads that had not gotten sufficiently out of the financial woods to do so in 1887.

THE COAL MARKET AND THE STRIKE.

Beside this, the price of coal can stand some reduction, if need be, to help out these manufacturers of iron as well as of other goods and also railroads, for the wonderful improvement of the finances and business of the Reading road, of which we wrote at length in our last, shows the greatest improvement of any trade in the country. This prosperity has extended to all the coal roads, except those affected by the strike in the Lehigh coal regions—namely, the Lehigh Valley and the Central of New Jersey. The threatened strike on the Reading may render a reduction in the price of coal impossible now, and delay it; but a curtailment in the production of iron and of other manufactures, and of the traffic of the railroads, would soon leave a surplus of coal on the market that would make the price.

PROSPECTS OF THE AGRICULTURAL INTERESTS FOR 1888.

This would seem to dispose of the bugbears that have been conjured up by the Bears on stocks in Wall Street, and the Bears in the country, at Washington, and in the party newspaper offices; and we can now bid them, and the old year adieu, to turn to the brighter side of the business situation and prospects for the new year, found in the markets for the great agricultural staples of this country, which have finally escaped from the rut of depression and low prices, that have ruled for the past three years, until the agricultural interests of the country, without whose prosperity there can be no general and permanent good times for an agricultural nation, had been nearly ruined. The past year has been one of the worst they have ever experienced, the world over. But the new year offers a much brighter prospect to the patient tillers of the soil. For although most of their crops are short, they are getting cost for what they have raised, with a steady

and gradual enhancement of values all along the line, that promises them a profit on the balance of this year's crop and on next. The four years' cycle of depression and overproduction has spent itself, and we are now on the first half of the first year of recovery in these great industries, which set in, in the manufacturing and transportation interests two years ago.

THE ADVANCE IN PRICES

has already been encouraging on almost every staple. Pork is \$4.00 per barrel higher than last year; lard about 2 cents per lb.; meats nearly 2 cents per lb. for hog products, though beef has not yet followed, as the supply of hogs is already short of the average, and promises to be still shorter on the 300,000,000 bushels smaller corn crop than a year ago, while the late overproduction of cattle has not yet been worked off, as it takes beeves three years to mature and hogs only one. Wheat is over 12 cents per bushel higher than when we began on this crop. Corn nearly 20 cents, and oats pretty nearly 10 cents. Flour averages 75 cents per bbl. higher. Cotton over 1½ cents per lb. Dairy products, hay, vegetables and other food and feed products for man and beast respectively, in the same proportion, with a shortage in Western and Southern and Central Europe from the same cause, namely, the dry weather last summer and fall.

PROSPECTS OF THE EXPORT TRADE

are, therefore, better, and Europe is in a more dependent condition upon our markets than for years, with the prospects of her wanting all the surplus we can give her, at fair prices, although so far on this crop year, we have exported less of both wheat and corn than usual, because of the heavy arrivals of California on the other side, shipped by the Nevada bank, which has been sending all the California clique wheat forward, since its failure, and getting its advances out of it. But when this is out of the way, heavy exports from the Atlantic as well as Pacific coast are expected.

Yet the exports of cotton have been so heavy, the first half of the crop, that they will naturally fall off after the new year.

THE POSITION OF THE BREADSTUFFS MARKETS.

The position of these markets at the beginning of the new year cannot be better described than in the following from the *Commercial Bulletin* of this city:

"We have now completed the first half of the wheat crop year without speculation having bulled prices unnaturally high on a short crop; and also without having exported in the shape of wheat at least the usual proportion of our surplus, the bulk of which naturally goes out of the country during the first half of the crop year, unless prices are forced unnaturally high by speculation. Thus we are at the beginning of the

last half of the crop with the strongest statistical position in years, and yet with apparently the weakest export conditions. Were these latter likely to remain permanent until another crop, the Bulls would have little to encourage them, and the Bears much. The popular belief of both, however, is that Europe will be as unusually dependent upon the Atlantic ports for the last half of the crop as she has been unusually independent of them for the first half of the year. Upon the correctness of this belief, and also upon the continued enormous exports of wheat in the shape of flour, which have not been fully realized in their influence on wheat for the first six months of the crop, depends the future of the wheat market."

THE SITUATION OF PROVISIONS.

It also explains the situation in provisions as follows:

"We are now on the last week of the first half of the winter packing season, and midway between the old and new crop, when it will be of interest to note the changes in the situation, and to weigh the new bases of values that have been established the past two months. During the month of October \$12 was thought by many in the trade to be too high a basis of value for the coming season's packing of pork, and they sold it short to see the decline from the corner price of \$22 on the last crop, and at about \$12, from which the market gradually hardened to \$13, when the outsiders followed the Hebrew colony on the Chicago Board of Trade, and steadily advanced the price in face of the continued and persistent opposition of the packers in Chicago, who wanted to depress product, in order to get hogs down to a safe basis for the winter packing and of the professional big operators in the Chicago market, until \$16 for May was reached. Up to this point, and until about a month ago, pork led the advance on the whole provision list, and ribs, meats, and lard followed."

OTHER MARKETS WITHOUT IMPORTANT FEATURES.

Petroleum exports are also behind, owing to Russian competition and to the higher price here, caused by the advance in crude, resulting from the combination to check production and bull the market. Coffee has had another spurt, but as that is a foreign product, manipulated by foreign speculators in foreign markets, it interests only few here, except consumers, who are not likely to get any cheaper coffee until another crop at least. Ocean freights are still low and depressed, owing to the light exports, except of cotton and flour, of the latter of which there has been a big blockade of through shipments, owing to less tonnage than usual coming here for grain and more going to the Black Sea. Imports of foreign goods keep up a little in excess of a year ago, though exports are behind, but the foreign exchange market has ruled dull and featureless, without much change.

FINANCIAL FACTS AND OPINIONS.

Western Farm Mortgages.—During the last two or three years enormous amounts have gone from the East into the hands of Western farmers. Says the *Boston Commercial Bulletin*: "The business in farm mortgages has increased to enormous proportions, over 140 companies being engaged in securing them in Kansas and Nebraska alone. These companies have their Eastern agents scattered broadcast throughout the New England and Middle States to such an extent that in almost every town it is possible to secure some form of the favorite investment, while in the large cities, the only difficulty is in deciding between the various companies. In the State of Vermont, whose savings banks are allowed by law to invest $58\frac{1}{2}$ per cent. of all assets in this way, these institutions now hold about \$5,500,000—so large a proportion that the Bank Commissioner has sounded the note of warning, and from present appearances, none too soon, by recommending a change in the law to 40 per cent. of all assets, 'believing that such a limit is only in accordance with the dictates of safety and conservatism. That they have proved a desirable investment in the past is not questioned, but that there are indications that the business is being overdone in this line of securities, and that the results may be disastrous, very few cautious financiers profess to doubt.'

"But it is in the adjoining State of New Hampshire, which may be not inaptly called the home of the farm mortgage, that we find the greatest activity in this field. Conservatism is cast to the winds, and seven, eight, and even nine per cent. farm mortgages are dealt in to an enormous extent, unmindful of the fact that these high percentages are fully one per cent. less than the farmer, with the added costs, is obliged to pay; or of the inflexible law that a large rate of interest is invariably accompanied by corresponding risk. The savings banks alone hold over \$14,000,000 of these securities, which is an indication of the vast sum total which would be reached by adding the holdings of private capitalists throughout the State. Investments in municipal and county bonds—a higher grade of security, owing to their being a prior lien to that of the farm mortgage—have come to be almost entirely eschewed, the last Bank Commissioners' report showing a slightly smaller amount held this year than last. In this connection, however, it is to be noted that of late, certain of the more conservative financiers of that State have been dividing their purchases more evenly between bonds and Western farm mortgages."

By and by, the old story will be repeated, of inability on the part

of the borrower to pay his interest, and then foreclosures and re-sales, with all the miseries attending the change of ownership, will appear. It would seem as though the world could not learn, even by experience, and that the temptation to borrow could not possibly be resisted. Anyhow, the evils are learned in due time, which often is a swift time. Again and again have the evils of this excessive borrowing been described, but notwithstanding this, the business of borrowing, or, in other words, of selling real estate, is going on. For what is the true significance of a mortgage? The farmer, of course, thinks when giving such a written instrument, that he is merely getting some money for the purpose of using it during a short period, and of returning it with interest. What, in truth, he does is to convey away a very considerable interest in his farm, perhaps, half its value or more, and in time of depression or unexpected calamity he learns, to his sorrow, that he has no farm left. In other words, instead of borrowing money he has sold his farm, though continuing to live thereon. At last, he wakes to the reality of the fact that he must give up possession. While a mortgage in many cases is justified, it has become a far too common thing. In a few years we shall hear of thousands of foreclosures and legal changes of ownership in consequence of the unwise borrowings to-day in the West.

Government Bank Inspection.—A correspondent of the *Montreal Shareholder* complains of the worthlessness of public bank inspection. Some of the recent cases of bank failures furnish a large amount of proof of the truth of his criticism. Admitting all that he says to be true, however, it is no argument whatever against the system; for such inspection does not prevent the exercise of vigilance by bank directors and shareholders. Nor was such inspection ever intended to supplant private inspection; rather, it was designed as an additional safeguard to those which shareholders and directors would exercise. The lesson of the recent failures is, not that public examinations should be discontinued, but that the shareholders, more particularly, should take a livelier interest in their institutions. They have fallen too much into the way of setting them up, and then confiding them to the care of a few men, without further thought or direction themselves. This is too often a costly mistake. It may be that the minorities under existing laws have not enough authority or power in the way of investigating or complaining; but if the laws are faulty in this regard, they should be changed. Shareholders should speedily become acquainted with the truth, however unwelcome it may be, that their investments can be conserved only by the exercise of unceasing personal vigilance. Why would not an auditing committee, appointed by themselves annually, or oftener, quite apart from the bond of their directors, or even from their

own number, be a good thing to introduce into a bank or other moneyed corporation? In England the system of auditing accounts has been brought to a much higher degree of perfection than here. One reason is, perhaps, because there are no examinations conducted by public officers. In the absence of these it is thought that such an audit is needful for the protection of the shareholders, and to acquire and maintain the confidence of the public. The work of auditing is conducted by skillful men, understanding contracts and accounts, and all the mysteries of bookkeeping. This work could well be done here in addition to the public and other examinations now conducted. If started by the shareholders, and conducted by them independently of the boards of directors, it might prove a very helpful thing toward conserving the integrity and efficiency of our moneyed institutions.

Collection Bureau for New York City.—The following extract from the *New York Journal of Commerce* we commend to the attention of our readers: "The East River National Bank having a check on the First National Bank of Middleburg, N. Y., sent it to the Salt Springs National Bank of Syracuse to collect, that institution being the correspondent of the East River National Bank for that vicinity. The Syracuse bank sent the check to the First National Bank of New York City for collection, the First National Bank of New York sent it to the United National Bank of Troy, that bank indorsed it to the National Exchange Bank of Albany, but by an error inclosed it to the Bank of America, New York; the Bank of America, seeing that it had been sent to them in error, and that it belonged to the East River National Bank, forwarded it to that bank. The check was, therefore, returned after all these journeys, uncollected, having been the cause of many entries by the banks it had passed through.

"A Bureau of Collection, properly organized, could present all the country bank checks that are deposited in New York City, and collect them with less delay and with less expense than it is now done by each bank collecting for itself. A collection agent could present all the checks from the city on a country bank at the same time and expense as those from any one bank. The enlargement of business requires new and improved methods of doing it, and there is now a pressing need of a better, swifter, and less expensive means of collection for the city of New York, which may be effected by an agency solely for that purpose, the expenses to be borne by the users of it in proportion to the number and amount of their collections. The business would need a competent manager, with clerks sufficient for the work, and should be under the direction of the Clearing House. There is an opening for a

capable man to organize such an agency, and an urgent need of it."

The need of such a bureau has been often expressed, but no one has come forward to create it. The practice of sending checks in the mode here described continues, and the evil of doing the business in this antiquated fashion is growing worse and worse every day. Certainly, the experiment of forming a collection agency is worth undertaking. Banks could afford to pay enough to make it profitable, for even after doing so, there would be great economy for themselves. The consolidation of this business in a single institution, or in a department of the Clearing House, would be, as one can readily see, far more economical than the present mode of conducting it by banks. How much longer will the present costly and slow system be continued?

The Argentine Republic.—All of the South American States are good borrowers, and the Argentine Republic is not a whit behind the rest. It is indeed a marvelous country in many respects, possessing a fertile soil, and capable of sustaining several millions of people. It was a common belief that the southern portion of this country, towards the Patagonian regions, was sterile, but it is now declared to be full of natural resources to the furthestmost limit. Railroads have been planned and are in process of construction all over this vast country, from the ocean to the Andes and along the rivers. To build these, of course, a large amount of capital is required, and the projectors, either alone or in company with the government, have been borrowing largely in the European markets. Within five years a debt of \$250,000,000 has been contracted, although the population of the State hardly exceeds 3,000,000, or that of Illinois. Suppose the enterprising inhabitants of Illinois should launch into expenditures of this magnitude, what would the world think of such a people? But those in the South American land, by reason of their distance from lenders, or from the great size of their country, or from lack of knowledge by outsiders, are borrowing in the wonderful way just described. In a recent number something was said concerning a loan of \$10,000,000 for government buildings, which that ambitious people are desirous of erecting. They seem to think, however, that it is easier to borrow the money in London or elsewhere for this project than to draw it from themselves in the way of taxation; and yet, of course, if the debt is ever paid, it must come from the taxpayers.

A correspondent of the *Diario de Barcelona* writes: "While politics are absolutely dead for the moment, the contrary is the case with loans, the spirit of enterprise, the fever of business and dar-

ing speculations. The province of Cordova has hardly floated its loan, when the provinces of Corrientes and Tucuman follow in its footsteps and ask authority from their respective legislatures to contract, the former a loan of \$8,000,000 and the latter of \$6,000,000, the money to be raised either at home or abroad. Quite a number of railroad companies have been granted a guaranty of 5 per cent. interest per annum on the capital to be invested. In this manner Congress, during a session of barely five months, undertook to guarantee 5 per cent. on a capital of \$232,000,000 gold, for which railways are to be built. But this is not all a similar interest guaranty of 5 per cent. is asked for a metropolitan railroad to be built for the city of Buenos Ayres, the capital to be \$18,000,000 gold. Real estate speculation is proceeding with greater fury than ever, fostered as it is by the two mortgage banks, the one being a State bank and the other a provincial one. In less than nine months the State bank put in circulation the \$50,000,000 notes it was authorized to issue in December, 1886. Steps are now being taken to add to this circulation from \$50,000,000 to \$100,000,000 additional notes. The provincial bank has now a circulation of \$110,000,000 of 'cédulas hipotecarias,' and does not cease issuing more of them. The European capital invested in the home and foreign debts, not only of the nation, but of the provinces, in 'cédulas hipotecarias,' tramways, railroads, banks, manufactures and commercial firms, represents an enormous amount. I think it does not fall short of \$700,000,000 gold, on which I estimate the average interest not to be less than 9 per cent., which would involve an annual expenditure of \$63,000,000 for this item alone. To this has to be added the sum of \$27,000,000 excess of imports over exports, and we arrive at an amount of \$90,000,000 gold which will have annually to be remitted to Europe. No wonder, then if, in spite of all the gold we receive from Europe, as net proceeds of loans, the gold premium does not decline. It is fearful to contemplate what the result would be if, for political or economic reasons—even for a single twelvemonth—European capital should shun our shores. To-day's gold premium is 134 to 135 per cent."

At last even the foreign lender is awakening to a doubt concerning the expediency of advancing more money to this over-borrowing people. It is to be hoped that they will not go in the way of so many of the other South American peoples as regards reputation or inability to pay; but South American experience is certainly against them. The uniform course in those countries seems to have been to borrow to the extent of their credit, and to give but little in return. This last experiment in borrowing we fear will have a similar ending.

Food Adulterations.—Congress has begun to legislate in this direction by enacting a law relating to the stamping of oleomargarine, and requiring returns of the sales to be made to the Internal Revenue Department. The report of the Internal Revenue Commissioner is, on the whole, rather favorable concerning the success of this law. Some amendments are suggested which it is believed will render it more effective; but the administration of it thus far proves that something can be accomplished by national agency. In view of the numerous adulterations in so many of the necessities of life, it is proposed by some members that Congress legislate further in the same direction. It is a hopeful sign that any legislative body should be moved to investigate this subject, and to enact safeguards against adulterations. The States have not, indeed, been slow in enacting such laws, but, for one reason or another, they have never possessed much force. In truth, the States are quite complete with needful regulations on this subject. Furthermore, many of the municipalities have enacted elaborate ordinances against adulterations, and the prosecution of persons for engaging in them. Nevertheless, they have been growing until the people are everywhere becoming alarmed. This prevalence of adulteration is to be deplored, and the wonder is that efforts should not long ago have been made to stop them. But those engaged in business understand the difficulties in the way of bringing fraudulent manufacturers and dealers to account. It is a long and expensive process. It is thought that the Government, however, can deal more efficiently than the States or municipalities in this matter. At all events the subject is well deserving a careful investigation by Congress, with the fullest discussion of remedies. A thorough investigation of the various kinds of adulterations now practiced would be of great benefit to the people. Congress could well undertake it, either through the Agricultural Department, or in some other way. That department employs various scientific gentlemen, and other assistance might be added, if need be, to make such inquiries, and to publish them as often as the occasion demanded. Such work would be very acceptable to the people, and the exposure of the kinds of adulterations, an explanation of the modes of detecting them, and of the persons engaged in perpetrating them, might prove effective in lessening the evil.

Treatment of Failed Concerns.—The *Chicago Times*, in a recent issue concerning some heavy failures, says: "There is a tendency to patch up compromises, or accept offers of settlement, without subjecting the affairs of the failed concern to searching inquiry. This is a most demoralizing tendency, admirably calculated to

undermine commercial integrity, and to encourage dishonest men to engage in extensive operations with the intention of defrauding creditors. If Smith & Brown fail for \$500,000, and their offer to settle at 20 cents on the dollar is accepted, their failure is likely to be regarded as a misfortune that could not have been avoided by ordinary prudence, good management and foresight. Their creditors give them a sort of certificate of character, if not of business sagacity, to which they may not be entitled. By their failure they may in reality have defrauded their creditors of \$400,000, and yet they are permitted to resume operations with far more credit than they deserve, and to repeat their fraudulent performance as soon as they can manage to get ahead of creditors again. Others, seeing their good fortune, are tempted to play a like game. And the example is in like manner contagious if concerns that have sunk tens and hundreds of thousands of borrowed money in hazardous experimenting suspend and are let off on pretty much their own terms. For the protection of creditors, for the protection of the credit system, for the protection of honest dealers who do not undersell their neighbors in the expectation of making themselves whole, and more, at the expense of their creditors, it is necessary to deal sternly with failed concerns, so that men will understand that they cannot be reckless or dishonest in business without loss of credit." These remarks are well worth heeding. Certainly, there is a disposition to patch up failures without that thorough investigation which is needful to the understanding of their true condition. This is very pleasing to the persons who have failed; but it is very demoralizing to all business in the end. The increase in failures is one of the signs that business is not conducted with that degree of oversight which the times require. Competition is growing keener every day, and the conditions of success harder, and therefore the honest merchant can best guard against swindlers by dealing, not unmercifully, but thoroughly, with persons after they have failed. Nothing opens the way more widely for conducting business loosely than the belief that, in the event of failure, no investigation will be made, and that things will be smoothed over without difficulty. If merchants pursued the opposite course, and every person engaged in business knew that, in the event of failure, his affairs would be investigated to the bottom, he would conduct his affairs with a degree of strictness and system which we fear is unknown to many at the present time.

The Engraving and Printing Bureau.—The annual report of Mr. Graves, Chief of the Bureau of Engraving and Printing at Washington, is replete with interesting information. Only a few years since, the opposition to the doing of this work by the Government

was very great, and no effort was spared to dissuade the administration from continuing such a policy. It began with the war, and for a dozen years or more investigations were frequent concerning the mode of conducting this department. This opposition has, we rejoice to say, completely spent itself, and the work of engraving and printing by the Government is as firmly established and justified as any other which it attempts to perform. A new kind of opposition, however, has arisen, with respect to the use of machinery for printing the notes issued by the Government. The object of introducing this machinery was to facilitate the work of the Bureau, inasmuch as the demands thereon were constantly increasing. The annual report before us brings clearly into light the very considerable increase of work demanded of the bureau during the past year. New expedients for doing this were needful, and so more efficient machinery has been called into requisition. It is quite true that the work thus performed was somewhat cruder than the printing previously done; but a higher degree of perfection has been attained, and it is believed that, after a short time, the printing will be as perfect as that performed in the old way. The annual saving from the use of steam presses is something of an item—one hundred and fifty thousand dollars or more—but the saving is of less consequence than the greater efficiency attained by the bureau in quantity. The various stamps and notes engraved and printed are often required without delay, and to furnish them quickly the steam presses are a great advantage over those previously employed.

Senator Farwell's Bank Bill, which will be found elsewhere in the present number, does not meet with a favorable reception. Mr. Gage, the vice-president of the First National Bank of Chicago, and one of the ablest and best-known bankers in the country, thus criticises the measure:

"It is, no doubt, very desirable that some plan should be hit upon to prevent the contraction of circulating money which will ensue under the present law when the national debt shall be redeemed. The bill proposed by Mr. Farwell is a commendable effort in that direction, but it does not, in my opinion, remove the evils which now exist, and which operate to create a surrender of circulation on the part of the national banks, rather than taking it out, as they are now permitted to do. This bill proposes to give national banks the privilege to put up railroad bonds of an approved kind, at fifty cents on the dollar, and municipal bonds at the rate of 75 per cent. I don't think if his bill became a law it would be availed of, as such a law ought to be, by banks in the Western country, where interest is high and where the facilities which a bank affords are especially needed. To illustrate: Suppose in a community in Kansas, Nebraska, Iowa, or Minnesota the people feel the need of a bank. They put together their funds and make a capital of \$100,000. When this is done there is, it is claimed, \$100,000 that may be loaned. If such a bank took out circulation on railroad bonds, if you please, it

would deposit \$100,000 with the Government for circulating notes, and would receive in circulating notes \$50,000. It is plain enough that in such a case a bank would only have \$50,000 to loan the community where it is situated, instead of \$100,000, and there would be a real depletion of loanable capital of \$50,000. If the rate of interest in that community was ten per cent., and the bank act put no tax on its circulation, as is now required, there would be no profit to it in taking out circulation over lending its capital direct without circulation. It would not be availed of unless the feature of circulation was made compulsory, as it really now is.

"Circulation has now ceased to be a privilege to all Western banks, as is evidenced by the fact that \$50,000,000, more or less, have been surrendered during the last year. If this bill became a law, and it was left to the banks to avail themselves of it or not, it would probably be availed of very largely by Eastern banks when the rate of interest was not above six per cent., as there would be a profit in such cases of about two per cent. in the transaction. The extent to which it would encourage the creation of banks which would aim chiefly at the profit that is to be derived from circulation, it is hard to estimate; what effect it would have upon stimulating the construction of railroads it is also difficult to estimate. I am glad to see it introduced, believing that out of it may grow an act which will solve the embarrassment that is likely to ensue upon the gradual, final, complete extinction of the present national bank-note currency."

Another criticism that can be fairly made against the bill is, that there is no occasion for providing an increase of circulation, either through the banks or the Government, so long as the annual addition of fifty millions of silver is continued. This, with the increase of our gold supplies, together with the increasing use of checks, bills of exchange and other monetary instruments, furnishes all the circulation that the country requires. The measure, therefore, of Senator Farwell is not timely. If ever the silver coinage should be stopped, which is not probable, then the question of supplying more money would be in order. Apart, however, from this consideration, is the one mentioned in Mr. Gage's criticism respecting the nature of the basis for circulation. The Government might very properly accept such a basis to secure itself against loss from depository banks; but this is not a proper basis for a monetary circulation, unless the Government itself should become the guarantor. This, indeed, might be done for a compensation in the way of a tax on the circulation issued, and such a policy would, very likely, prove acceptable to the people; but, as said before, so long as there is an addition of seventy to a hundred millions of gold and silver annually to the circulating medium, there is no monetary dearth, and hence there is no need of furnishing an additional supply from any quarter.

SOLIDITY OF THE NATIONAL BANKS.

In the report of the Comptroller will be found a very interesting account of the national banks that failed during the last year. Numbering more than three thousand, only eight failed, with aggregate liabilities of less than six millions of dollars. Of these, one was liable for nearly five millions, so that the aggregate of the other seven was only about a million more. When one reflects that on the 5th of October their liabilities were \$2,620,193,475, he may well rejoice over the small losses which have occurred in twelve months. Reduced to a percentage of the whole amount of banking liabilities the loss would be infinitesimally small. Can any other kind of business, aggregating as large an amount of capital, make such a showing?

The causes of these failures are briefly described by the Comptroller. Two causes, indeed, will account for nearly all bank failures, either speculation on the part of bank officers, or the using of the bank's money by the president or leading spirits, for outside purposes, usually of a constructive character. Such has been the case with regard to the eight banks just mentioned. Of course these occurrences are always unwelcome, but considering the imperfection of human nature, we may well rejoice over the strong showing by these institutions. These figures can well stand the light of scrutiny; indeed, all concerned ought to feel proud over the solidity of the system. Those who complain of bank examinations as profitless or delusive may find food in these figures worth digesting.

UNIVERSAL INSURANCE.

"There be things in heaven and earth, Horatio, undreamed of in our philosophy," said the prince of melancholy and of Denmark to his bosom friend. But that was in the middle or rather shadowy age of doubt and pessimism. We are now living in the noontide of civilization, under the bright sun of optimism, and in the era of scientific certainty and commercial and financial assurance. Hence everything is reduced to a business basis, and the ratio of dishonesty to moral rectitude can be demonstrated in dollars and cents, and theft provided against by the surrender of a percentage or premium of the filthy lucre, on the part of him whose moral responsibility cannot be trusted, until it has been appraised and its value established, by the sign of the dollar-mark, affixed thereto.

By this shifting of moral, for pecuniary responsibility, a new system of universal insurance has grown up, under which there is none of the incompleteness of Hamlet's philosophy, and nothing is left to be desired, in the way of guarantees, in the business relations, of the people of this, the nineteenth century. There no longer remains anything, but man's social relations, to be insured. Everything else is now "covered" by a policy of insurance or a "fidelity bond" or a bell punch, from the street-car conductor, with an emblem of dishonor, by which his employer publicly accuses him of dishonesty, about his neck, to the bank cashier, whose directors are too tender of his feelings, and of their own ease, to ask him for his vouchers. "Covered," we said, and so says the bond, in which it is nominated that the victims of the insured's thefts, will be held harmless, to the amount of said fidelity insurance. This holds the insured fast enough so long as he can pay this premium on dishonesty, and cannot get his hands on more than the amount of his bond. But who will hold the insurer, as the man who had bet, asked, when he wanted to know who would hold the stakeholder.

This is a very pertinent inquiry, regarding what appears to be a pretty similar case, if the press reports are correct, of a recent examination of the president of one of these Pooh Bah insurance companies, in the Brooklyn courts, as to the sufficiency of the bonds of his company given in a suit at law, in place of an individual bond with the usual bondsmen, qualified by the unincumbered ownership of real estate worth double the amount.

Judging from the showing made of the assets and liabilities of said company—"The Fidelity and Casualty Insurance Company of New York," of which Mr. Wm. M. Richards is the president, it is about time that the right of courts to accept such bonds, should be tested, when they are forbidden by law to accept the bond of any one, upon personal property, no matter how much, unless deposited with the court. Why corporations should stand on any different footing, in our courts of law, from an individual, is a question that is very pertinent, in regard to American "justice," and one that has long been asked by the American people, without having ever received a satisfactory answer, from most of our American Judges. If the judiciary of New York have a right to accept the bonds of these Fidelity companies at all, it should require them either to qualify, on each bond, in double the amount of unincumbered real estate, or by the deposit of collateral securities, of double the market value, with the court in each case, on which the company goes as bondsmen. Otherwise the law regarding bonds and bondsmen is violated every time a Judge accepts the bonds of these companies.

But waiving this point, to which the New York Bench should

give immediate attention, there is another that more immediately affects the standing of those individuals and corporations whose solvency, or, at least, safety, rests on the soundness of this Fidelity Insurance Company, and of its methods of business.

Assuming the reports of the examination of President Richards, of the Fidelity and Casualty Company, to be correct, we do not wonder that the plaintiffs, in a case where their interests depended upon the safety of the bond of this company, demanded that the bondsmen, in the person of the president of this company, should be examined, as any other bondsman is, as to his qualifications under the law, requiring double the amount of the bond. Neither do we wonder that President Richards refused to answer their attorney's very pertinent question, as to what amount of bonds the Fidelity and Casualty Company has outstanding. But we do wonder that the Judge, who was asked to compel President Richards to answer this ordinary question, asked of all bondsmen, dodged a decision in the matter, by saying there was "no question before the court."

Those questions that were answered, however, by President Richards were enough to raise the inquiry in everyone's mind, which we quoted above, from the betting man who wanted to know who would hold the man who held the stakes. President Richards testified, under oath, that the Fidelity and Casualty Company had a total of outstanding risks of at least "\$6,750,000 in round numbers." He also testified that its capital was only \$250,000 paid up in cash, and that "the amount is with the company on deposit, invested in United States bonds, of the market value of \$230,000," and that "the amount of the company's assets, September 30, 1887, was \$631,193.51." He also testified that this company's security is taken "on appeal, replevin, bonds on contracts, bonds to the sheriff, bonds for cost, bonds on injunctions, bonds on indemnity, and also on a great many bonds in Surrogate Court cases." If this whole business is not illegal, then why do the city Judges refuse personal property bonds when offered by individuals instead of these corporations, is what the city judiciary owes to itself and the people to explain without delay. In the meantime, the plaintiffs in the case referred to, have set a good example for others, interested in this wholesale court bond business, to follow, in demanding examination of companies whose universal insurance is thus offered the public, and insist upon an answer of the question refused by President Richards, until the Judges are compelled to order, what the public have a right to know, of a public corporation, and what can injure no sound one to answer.

WHAT INTEREST CAN BE TAKEN UNDER THE NATIONAL BANK LAW.*

[CONCLUDED FROM THE DECEMBER NUMBER.]

With respect to recovering twice the amount of the interest paid the leading question has been whether the action could be brought in a State court. As penal actions generally can be brought only within the jurisdiction whence they spring, and as this action has been regarded as a penal one, on several occasions the State courts have declined to enforce it. But these have been exceptional. In some of the cases, even while admitting that the action was of a penal nature, the State courts have not hesitated to enforce it. In other cases the action has been regarded like any action for the recovery of a debt, and quite freed of every punitory feature. One of the best considered cases in which the right of the State to enforce such an action was maintained arose in Pennsylvania. In *Blets v. Columbia National Bank* (87 Pa. 87, p. 87). Agnew, C. J., after quoting the act said: "Here we find no declaration of a forfeiture as such, but a provision to recover back money paid in an action of debt. This vests a right in the borrower of reclamation in a common law form of action, to be brought by himself and in his own right. It is not a penalty to be adjudged to the United States, or vested in the public, for which any citizen may sue. The form of action is within the jurisdiction of the State court, and the right claimed in this form is private, belonging to the borrower alone. It is, therefore, immaterial whether the source of the right is a State or federal law. In either case it is a law binding on the State, which has given birth to the right." (*Gruber v. First National Bank*, 87 Pa., 368; *First National Bank v. Gruber*, 87 Id., 465; *Ordway v. Central National Bank*, 47 Md., 217; *Dow v. Irasburgh National Bank*, 50 Vt., 112; *Pickett v. Merchants National Bank*, 32 Ark., 347.

Likewise Boynton, J., in reviewing *Claflin v. Houseman*, (93 U. S., 130), said: "The statutes of the United States are as much the law of the land in any State as are those of the State, and although exclusive jurisdiction may be given to the federal courts, yet where it is not so given, either expressly or by necessary implication, the State courts, having competent jurisdiction in other respects, may be resorted to." (*Hade v. McVay*, 31 Ohio, 231, p. 236.) And again, "Congress has, in many instances, professed in direct terms to assist State tribunals with power to enforce penalties incurred exclusively in the violation of the laws of the United States." (*Id.*, p. 235.)

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But some of the State courts have decided that this action to recover twice the amount of interest must be brought in a federal court. It is manifest, says the Supreme Court of Iowa, that this provision of the law "is more strictly penal in its character than the provision which simply allows usury to be pleaded as a defense." (*National Bank v. Eyre*, 52 Iowa, p. 117.) So Lindsay, J., speaking for the highest court in Kentucky, declared that the courts of that State had not "undertaken to enforce penalties arising under the laws of the Government of the United States," and that the forfeitures prescribed in the act were "highly penal in their nature." (12 Bush, 57, p. 59.) In Tennessee the Supreme Court at first decided that the action could be tried in a State court (*Steadman v. Redfield*, 8 Baxt., 337,), but afterward changed their opinion (*Hambricht v. National Bank*, 3 Lea, 40; *Barrett v. Shelbyville National Bank*, 85 Tenn., 326), on the authority of a decision of the United States Supreme Court.*

The right to recover double the interest paid does not extend to a judgment creditor of the borrower, "as he is in no sense the debtor's legal representative." But an assignee in bankruptcy of the borrower is his "legal representative," and he can recover the usurious interest. (*Barrett v. Shelbyville National Bank*, 85 Tenn., 426.) The right of action is a "claim" or "debt" which passes to the assignee. (*Wright v. F. N. B.*, 8 Biss., 243; see *Tiffany v. National Bank*, 18 Wall., 409; *Crocker v. First National Bank*, 4 Dill., 358.)

The action to recover the usurious interest must be brought within two years from the time of paying it. (*First National Bank v. Gruber*, 87 Pa., 465; *National Bank v. Davis*, 8 Biss., 100; *National State Bank v. Boylan*, 2 Abb. N. Cases, 216; *Pickett v. Merchants National Bank*, 32 Ark., 346.) "The taking or charging a usurious rate," says Sedgwick, J., "is to be held a forfeiture of the entire interest, and if a usurious rate has been paid, twice its amount may be recovered back, provided the action has been begun within two years. An entire scheme of protection, involving a policy peculiar to it, is thus given to the borrower. In case the interest has been paid, twice the amount of the usurious rate may be recovered, and in all other cases the bank forfeits all right to the interest." (*National State Bank v. Boylan*, 2 Abb. N. Cases, p. 220.) In a Pennsylvania case the court said that "it is difficult to imagine a case where the statute does not begin to run from pay-

* In *Barnet v. National Bank*, 98 U. S., p. 559, Swayne, J., remarked: "The remedy given by the statute for the wrong is a penal suit. To that the party aggrieved, or his legal representative, must resort. He can have redress in no other mode or form of procedure. The statute which gives the right prescribes the redress, and both provisions are alike obligatory upon the parties."

ment of the usurious money, for the owner almost necessarily has knowledge of the facts from the first." (*Stephens v. Monongahela National Bank*, 7 Week. Notes, 491, p. 495.)

Whenever the note sued is the last of a series of renewed notes, and the original was usurious, the taint of usury affects the whole; the forfeiture of the entire interest, therefore, follows, and credit must be given for all that has been paid from the beginning on the loan. (*National Bank v. Lewis*, 75 N. Y., 516; *Overholt v. National Bank*, 82 Pa., 490; *Tuthill v. Davis*, 20 J. R., 286; *Calce First National Bank*, 5 Rep., 509; *Brown v. Second National Bank*, 72 Pa., 209; *Bank v. Slemmons*, 34 Ohio, 142; *National Bank v. Davis*, 8 Biss., 100.) And if usurious interest be carried into a general account, and made a part of a sum found due on final settlement for which a note is given, it taints the entire contract with usury; and it matters not that the usurious interest was charged with the tacit consent of the debtor in stating monthly accounts, or by a note substituted for the one previously given. (*Pickett v. Merchants National Bank*, 32 Ark., 346.)

The borrower, however, cannot set-off or apply the interest which he has paid on the former notes in payment of the principal of the last of the series. In *Driesback v. National Bank* (104 U. S., 55), the Chief Justice said: "The claim is not for interest stipulated for and included in the notes sued on, but for the application of what has actually been paid as interest to discharge of the principal. This we held in *Barnet v. National Bank* (98 U. S., 555) could not be done." In some cases it has been. (*Lucas v. Government National Bank*, 78 Pa., 228; *Overholt v. National Bank*, 82 *id.*, 490; *Cake v. First National Bank*, 86 *id.*, 303; *Stephens v. Monongahela National Bank*, 7 Week. Notes, 491; *Hade v. McVay*, 31 Ohio, 231; *National Bank v. Davis*, 8 Biss., 100.) But this is not the correct rule. (*National Bank v. Lewis*, 81 N. Y., 15, second trial; *Farmers' & Mechanics' Bank v. Hoagland*, 7 Fed. R., 159.) The remedy for the borrower is an action of debt to recover twice the amount of interest that he has paid, (*Barnet v. National Bank*, 98 U. S., 555; *National Bank v. Dushane*, 8 Week. Notes, 119.) In *National Bank v. Davis* (8 Biss., p. 102), Judge Gresham said that "if a note discounted be renewed for the same amount, the borrower paying usurious interest out of his pocket in advance, and suit be brought on the renewed note, the defendant may recoup double the amount of the entire interest actually paid on renewal, or in an independent action of debt he may recover from the bank double the amount of the entire interest thus paid." It is certain that he could recover in an action for the interest, but it is quite as certain that the interest could not be recouped or deducted from the principal in an action to recover it.

So, too, a note which is given in renewal of a usurious one, and covering the usurious interest, is itself tainted with usury, although bearing only the legal rate of interest, and cannot be purged of the usury by crediting the amount thereon as a payment without the concurrence of the maker. (*National Bank v. Eyre*, 52 Iowa, 114; *Farmers' & Mechanics' Bank v. Hoagland*, 7 Fed. R., 159.)

Neither can a bank set off the principal which may be due on the last of a series of usurious notes in an action to recover twice the amount of interest that has been paid. Thus the receiver of M's property sought to recover the penalties incurred by a national bank by taking unlawful interest of him. For two years preceding the action the bank had discounted M's notes at the rate of 13 per cent. per annum. They had all been paid except the last one. It was held that usurious interest had been paid to the bank, and that the balance due from M on the last note could not be set-off against the amount due from the bank for the penalties. (*Morehouse v. Second National Bank*, 30 Hun, 628.)

Any party to a usurious contract, against whom payment is sought to be enforced, can avail himself of this defense. (*National Bank v. Lewis*, 75 N. Y., rev. 10 Hun, 468.) Hence an accommodation indorser has the same right as the maker to the benefit of the forfeiture by way of set-off or rebatement when sued alone on his indorsement. (*National Bank v. Lewis*, 75 N. Y., 516; *National Exchange Bank v. Munroe*, 2 Bond, 170; *Brown v. Second National Bank*, 72 Pa., 209; *Calce v. First National Bank*, 5 Rep., 509.) The right of such an indorser without consideration to the same benefit as a maker would have by way of set-off or rebatement of the interest usuriously taken on a note discounted, is, said Judge Miller, of the New York Court of Appeals, "I think well settled. . . . There appears to be no reason why he is not entitled to the same defenses as the maker may have. Section 5,198 declares that there shall be a forfeiture, without confining it to the maker, and it is a reasonable presumption that it should be for the benefit of any one who might be compelled to pay the obligation. We think it certainly applies to a party who has been sued upon the note and against whom alone a remedy is sought by an action to recover the amount of the same." (*National Bank v. Lewis*, 75 N. Y., 516, p. 522; see *in re Wild*, 11 Blatchf., 243; *National Exchange Bank v. Munroe*, 2 Bond, 170; *Brown v. Second National Bank*, 72 Pa., 209; *Calce v. First National Bank*, 5 Rep., 509.)

But the receiving of usurious interest from an indorser on notes

* In New York the term borrower includes any person who is a party to the original contract, or in any way liable to pay the loan. (*National Bank v. Lewis*, 75 N. Y., 516; *Wheelock v. Lee*, 64 N. Y., 247.)

discounted by it, whose payment should be guaranteed in writing, would not avoid the contract of guaranty between the guarantor and the bank. (*Lazear v. National Union Bank*, 52 Md., 78.)

So, too, if a note or bill be an existing security in the hands of the holder, the usury exacted by the bank in taking it cannot be used as a defense by the antecedent parties. Their rights and liabilities are not affected by the usurious character of a transaction in which they did not participate. (*Smith v. Exchange Bank*, 26 Ohio, 141.) The person with whom the bank had the usurious transaction is the one to whom the forfeiture of interest is to be adjudged. (*Ib.*) So usury will not avoid a contract with respect to the surety beyond the point at which the principal is relieved. In the case of *First National Bank v. Garlinghouse* (22 Ohio, 492), it was decided that in the absence of any intention to practice a fraud on the sureties, they must be held to have trusted to the judgment and discretion of the principal as to the terms on which the note might be discounted. (Rev. Ct. of Com. Pleas, 3 Am. Law Times, 301.)

An indorser on a note taken as collateral security for the payment of another, which is infected with usury, cannot defend against the note thus indorsed by him that the contract of indorsement is void. Thus M was indebted to a bank on which he paid usurious interest. It was extended several times, he paying such interest as in the beginning. Finally, at the request of the bank, he gave as collateral security the note of O, indorsed by himself. In a suit against O he was declared liable. "If we should declare the contract of indorsement void," said Judge Harlan, "and, consequently, that no right of action passed to the bank on the note transferred as collateral security, an additional penalty would thus be added beyond those imposed by the law itself." (*Oates v. National Bank*, 100 U. S. 239, p. 250 affg.)

If an indorser should pay the whole note, including the usurious interest, he could recover of the maker only the original amount. "He must submit to the same penalty as would the bank for trusting to the honor of the principal to pay loans tainted with usury." (*Citizens' National Bank v. Leming*, 8 Int. Rev. Record, 132.)

Although the maker of a note can recover usurious interest that he has paid, the indorser does not have such a right. Neither has the indorser of a note which has been given in settlement of former loans tainted with usury, on which he was also an indorser, but not a borrower, nor paid any interest, a cause of action therefor. (*Bly v. Second National Bank*, 79 Pa., 453.)

In an action by a national bank on a promissory note, the answer alleged that the note was presented by its makers to the bank for discount for their sole benefit, which the bank knew, that it dis-

counted the note and "then and there knowingly, corruptly and usuriously deducted therefrom and took, received and reserved and charged by way of discount and . . . for the loan and forbearance of the sum of money secured by said note," a sum of money much greater than seven per cent. for the time the note had to run, "to wit, the sum of \$160 or thereabouts," and asked that the interest paid and that which the note carried should be adjudged to be forfeited. The answer was regarded as setting forth a corrupt and usurious agreement, and was, therefore, a good plea of usury. (*National Bank v. Lewis*, 75 N. Y., 516.)

When usury is the defense, "the usurious contract should be so pleaded as that it may appear what rate or amount of interest was taken or secured, and on what sum, and for what time; and the answer should show a corrupt intent. When these appear from the terms of the answer, nothing further is necessary to make it sufficiently definite." (Clerke, J., *National Bank v. Orcutt*, 48 Barb., 256, p. 257.)

THE PUBLIC DEBTS OF EUROPE.

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XX.—SWITZERLAND.

The debts of the Swiss Confederation were united in 1880, by a federal ordinance of January 9 of that year, enacted in conformity with a message of the Federal Council of November 12, 1879.

These debts then consisted of three loans.

The first, contracted in 1867, of the nominal amount of 12,000,000 francs at $4\frac{1}{2}$ per cent., redeemable by increasing annuities in 25 years.

The second, contracted in February, 1871, for the expenses of neutrality during the Franco-German war, for 15,600,000 francs at $4\frac{1}{2}$ per cent., redeemable August 31, 1886.

The third, authorized by federal decree of June 23, 1877, for 6,000,000 francs, of which two millions were in 4 per cent. Treasury bonds at one year, and four millions in $4\frac{1}{2}$ per cent. bonds at three years.

These three loans represented in the beginning a sum of 33,600,000 francs, reduced by sinking fund and redemptions of Treasury bonds to about 29 millions at the time of the order of conversion. To this sum were added 6,500,000 francs of federal subventions for the Saint-Gothard Railroad.

* Translated from the French by O. A. Bierstadt.

The amount of the conversion loan was fixed at 35 million francs, at 4 per cent. interest, with redemption in 35 years. The issue was made by public subscription, a syndicate of bankers having guaranteed its success for a commission of 100,000 francs. The price of issue was 99½ per cent., with ¼ per cent. commission for the subscription offices. The holders of preceding loans offered 16½ millions of 4½ per cents for conversion into 4 per cents; the rest was redeemed at par.

Since January 1, 1880, the sinking fund of this 4 per cent. debt has been operated by increasing annuities. The nominal capital of the debt, after 6 annuities, was reduced, on January 1, 1886, to 32,426,000 francs, or a diminution of 2,574,000 francs.

The present debt must be extinguished by sinking fund in 1915.

The expenditures on the debt figured in the budget of 1886 for 1,867,864 francs, of which 1,289,864 francs were for interest and expenses, and 578,000 francs for the sinking fund. This is a sum nearly fixed, established by the law creating the loan of conversion.

The federal 4 per cent. loan is almost entirely owned in Switzerland itself. At the time of the issue the subscriptions coming from France and Germany formed together 2,200,000 francs, which was reduced by a third at least in the distribution.

In the message proposing to the federal assembly the law of conversion, it was said that the 4 per cent. obligations had been chosen in preference to the 3 per cents, which might have been advantageously issued in France, because it was desirable that the federal obligations should be disposed of and should remain in the country.

The bonds of the 4 per cent. loan are in amounts of 500, 1,000, 5,000, and 10,000 francs of nominal capital. They are to bearer, but those of 5,000 and 10,000 francs may be registered in names.

The budget of the confederation for the year 1885 amounted to 45,882,000 francs of receipts and 45,740,000 francs of expenditures.

The military expenditures figure in this last number for 17,513,030 francs.

Since 1870 the debt has increased by the amount of two loans of 21,600,000 francs. The expenditure on the debt, which takes since the conversion 1,875,000 francs in round numbers, figured in the budget of 1870 for only 902,000 francs.

The federal debt has no special pledges; it is guaranteed by the entire revenue and credit of the confederation.

The Swiss federal loan is not quoted on the Bourse of Paris.

XXI.—SERVIA.

The public debt of Servia, created entirely within ten years

amounted June 1-13, 1886, to a total of 224,203,010 dinars (the Servian dinar=1 franc) according to the report of the commission of the budget.

According to the same document this total was thus composed :

<i>Loans.</i>	<i>Amount in circulation. Francs.</i>	<i>Interest and sinking fund.</i>
Russian loan.....	5,189,010	348,887
Loan of Belgrade-Vranja Railroads at 5 per cent	87,410,000	5,400,000
" of Nisch-Piro Railroads at 5 per cent.....	29,856,000	1,555,425
" 3 per cent. lottery.....	32,580,000	1,650,000
Redeemable 5 per cents.....	40,143,500	1,950,000
Tobacco 5 per cents.....	39,902,500	2,195,000
Loan for purchase of rifles payable on the annuities of the salt works.....	5,122,000	220,513
Agrarian loan for indemnifying the emigrating Turkish proprietors.....	4,000,000	450,000
Total francs.....	244,203,010	13,769,825

The floating debt amounted, at the same date, to about 20 million francs, or at least it was estimated at this figure by the report of the commission, while the opposition estimated it at a much higher total. Of the official figure 4,895,000 francs are represented by Treasury bonds; the rest was borrowed from the National Bank, the fund of deposits, the administration of loans, etc.

It cannot be far from the truth to estimate at 300 millions in round numbers the present debt, registered and floating, contracted in less than ten years by this country of two million inhabitants.

The budget of 1884-85 amounted to 46 millions in receipts and expenditures.

The railway mortgage bonds at 5 per cent. are to the number of 180,000. They were issued in amounts of 500 francs to bearer, redeemable from 1882 to 1931, by semi-annual drawings, drawn up in the French, Servian, and German languages; they have been quoted on the Bourse of Paris, for cash and on account, since September 5, 1882. The coupons of interest are payable at the Comptoir d'Escompte of Paris.

The railway mortgage loans are guaranteed chiefly by the net proceeds of the lines; the rifle loan is guaranteed by the proceeds of the salt works; the tobacco loan by the proceeds of the tobacco administration, the agrarian loan by the annuities paid by land-owners; but secondary guaranties are the proceeds of the customs, of the civil tax and of the taxes replacing it, and in general the total resources of the Servian government.

XXII.—ROUMANIA.

The budget estimates of the kingdom of Roumania for the year 1887-88, from April 1, 1887, to March 31, 1888, balance in receipts and expenditures by 138,653,331 francs.

Of this entire budget the public debt alone requires 59,277,675 francs, or 42 per cent.

All the loans issued by the State of Roumania, since its foundation, amount to about 810,000,000, of which 81,000,000 have been redeemed, leaving the actual debt at 729,000,000.

Of these 810,000,000 of loans, 106,000,000 were issued before 1870, and 704,000,000 since that time.

The Roumanian public debt was composed as follows, at the close of the last definitive budget (that of 1885-86), on the 1st of April:

<i>Dates of Issue.</i>	<i>Loans.</i>	<i>Nominal amount issued.</i>	<i>Remainder to be amortized.</i>	<i>Limit of amortization.</i>
1864	Stern loan 7 per cent.....	22,889,437	460,000	1888
1866	Oppenheim loan 8 per cent.....	31,610,500	7,854,500	1889
1868	Suczava-Roman Railroad 7½ p. c....	51,535,640	51,366,765	1960
1872	Jassy-Ungheny Railroad 8 per cent..	3,770,215	Redeemed	1886
1872	Deposit fund 3½ per cent.....	9,985,320	8,729,547	1912
1875	Perpetual 5 per cents.....	44,600,000	36,963,500	without limit
1877	Mortgage bills.....	26,260,000	25,895,000	" "
1880	State Railroad bonds 6 per cent.....	237,500,000	233,840,000	1923
1880	Rural bonds converted 6 per cent....	31,600,000	30,413,600	1924
1881-86	Redeemable 5 per cents. (6th issue)..	301,525,000	294,435,000	1926
1881	Railroad bonds 5 per cent.....	47,948,000	38,410,000	1899
1882-83	Deposit fund 4 per cent.....	1,145,556	818,263	1895
Totals.....		810,369,668	729,186,175	

Besides the general guaranty of the total budgetary resources, which is given to all the Roumanian debts and to each one of them, the great railroad loan of 1880 is specially guaranteed by a mortgage upon the railroads acquired by the State, and the latter has engaged not to alienate it before the final redemption of the bonds; it has also a special guaranty from the net revenue from tobacco.

All these loans were issued through institutions of credit and banking houses abroad, in England, in France, but chiefly in Germany. The German market has absorbed the greater part of the 6 per cent. railroad loans and of the 5 per cent. securities, of which a fraction has been sold in France.

In the budget of 1887-88, two of the loans enumerated above have disappeared, having been completely redeemed. They are the Stern loan (English), and the loan for the construction of the Jassy-Ungheny Railroad.

The Roumanian government securities quoted on the Bourse of Paris are: the loan in perpetual 5 per cents of 1875, and the loan of 1880 in 6 per cent. bonds for the purchase of the Roumanian Railroad Company's system.

The 5 per cent. loan of 1875, issued May 12 and 13, 1875, by the Société Générale, at the price of 71 per cent., or 357 francs 50 for 500 francs, with 25 francs of interest, was allowed to be quoted, for cash and on account, in August of the same year.

The interest is paid in London, in Roumania, and in Paris by the Société Générale, April 1 and October 1. It is quoted at $92\frac{1}{2}$ per cent., or 462 francs 50 for an income of 25 francs.

The loan of 1880 in 6 per cent. bonds is divided into 475,000 bonds of 500 francs or 400 marks to bearer, of which the interest of 30 francs is payable half on January 1 and half on July 1, in Roumania, Berlin, and at Paris by the Bank of Paris and the Netherlands. They were put on the official list of quotations, for cash and on account, September 15, 1880.

They are quoted by so much per cent., by variations of 1-16 and multiples. The last quotation, in December, 1886, was 107 per cent.

XXIII.—GREECE.

The budget of the kingdom of Greece for the year 1886 was estimated in advance at 82,674,000 francs of receipts, and 88,048,000 francs of expenditures. These last include for the public debt, 33,062,000 francs, or 37.50 per cent. of the total budgetary expenditures.

The present public debt of Greece amounts in nominal capital to 348,000,000 francs. The independence loans, namely: the loans of 1824 and 1825, reduced to 19,567,000 francs, by a convention made in 1878 with the English holders of the securities, and the loan of 1832, guaranteed by the three protecting powers, France, England and Russia, represent 39,567,000 francs. There is an indemnity due to the islands of Hydra, etc., of 17,857,000 francs; to the heirs of King Otho, 3,000,000 francs.

The following public loans have been issued:

1862	internal loan of	6,000,000	at	6	per cent.
1867-68	"	25,000,000	"	9	"
1871	"	4,000,000	"	8	"
1874	"	26,000,000	"	6	"
1876	"	10,000,000	"	6	"
1879	external	60,000,000	"	6	"
1881	"	120,000,000	"	5	"
1884	"	170,000,000	"	5	"
1885	loan of	9,000,000	"	7	"

The total of these loans, appearing in the budgetary debts of Greece, has been brought down by redemption, and by not selling a more or less considerable portion of the emissions decreed, to the figure of 348,000,000, of which 78,000,000 date from loans prior to 1870. The increase of the registered Greek debt, internal and external, has been 270,000,000 since 1870.

To the 348,000,000 of registered debts must be added about 80,000,000 of floating debt, united under the designation of "sundry loans."

The paper money issued for the account of the State, with forced currency, by the three banks of issue, the National Bank, the Ionian Bank, and the Bank of Epirus and Thessaly, represents another floating debt, without interest, of nearly 28,000,000 francs.

The external loans of Greece have been contracted with credit establishments and bankers, and by them have been put upon the market.

The loans issued abroad since 1870 all have a special guaranty which is given them on certain revenues.

The Greek loans officially quoted on the Bourse of Paris are the external loan of 1879, and the 5 per cent. loans of 1881 and 1884.

The loan of 60,000,000 of 1879, called "the National External 6 per cent.," was issued in the French market by the Comptoir d'Escompte, May 8 and 9, 1879, in 120,000 securities of 500 francs, at the price of 392 francs 50, giving 30 francs interest, redeemable at 500 francs in forty years. The interest of 30 francs is payable quarterly on February 1, May 1, August 1, and November 1. The capital and interest are exempt from taxation. These securities have been quoted for cash and on account since July 21, 1879. They are quoted at 370 francs.

The 5 per cent. loan of 1881, with a capital of 120,000,000, in securities of 500 francs bearing 25 francs of interest, payable half on January 1 and half on July 1, issued at Paris at 375 francs in June, 1882, by the Comptoir d'Escompte, has been quoted for cash and on account since September 27, 1881. The quotation at the end of December, 1886, was 305 francs.

The 5 per cent. loan of 1884, for 170,000,000 francs, in securities of 500 francs, issued at 346 francs 50, by the Comptoir d'Escompte and the Société Générale, similar to those of the loan of 1881, has been quoted, for cash and on account, since January 14, 1885. The quotations are 300 francs.

Different guaranties are assigned to these three loans: stamp tax, tobacco tax, customs at the principal ports, etc.

According to a note which the Hon. Mr. Spiridion Spiliotakis, former deputy and director of the Bureau of Political Economy in the Ministry of the Interior at Athens, has kindly addressed to us, the nominal capital of all the debts contracted by Greece since her independence has amounted to 778,000,000 millions of francs. The total of expenditures has mounted up to nearly two milliards. Deducting the total of the public debts, there remains over a milliard which the country has expended upon productive works.

XXIV.—TURKEY.

In consequence of the consent of the creditors of the Porte to

the conversion of the Ottoman debt into a consolidated and united debt, the Sultan's iradé of December, 1881, decreed the issue of new securities to the amount of £92,225,827.

To these must be added the reduced but inconvertible capital of the Roumelian railroads loan (Turkish prizes) to the amount of £14,211,407, making a total of £106,437,234, instead of the £190,997,980 of the primitive debt.

Up to the end of December, 1885, there had been redeemed £1,540,017. There remains, consequently, a debt of £104,897,217, or 2,622,430,400 francs. In the budget of 1884, the interest and sinking fund of this debt, including the expenses of collecting the revenues devoted to the payment of the debt (25,167,591 Turkish piasters of 0.225 for a special net revenue of 200,818,728 piasters), are estimated at 55,435,645 francs.

According to the budgetary estimates for the financial year 1883 (from March 13, 1883, to March 13, 1884), the receipts are put at 1,631,300,000 piasters (the piaster=0.225), or 367,042,500 francs, and the expenditures at 1,622,301,600 piasters, or 364,962,860 francs.

We may remark that Turkey has only once made public her budgetary estimates, in 1880. Nothing can be known of the official statement of her public finances, and we can only reproduce, in the way of information, the figures of her sole and ephemeral budget. The figures we have given above are taken in great part from the *Almanach de Gotha*, and from Mr. P. Boiteau's article in the *Dictionnaire des Finances*. But the estimates are very different in these documents. Mr. Boiteau has estimated the nominal Turkish debt at 2,328,702,112 francs, while the *Almanach de Gotha* puts it at 2,622,000,000. The military expenditures of Turkey are estimated at 200,000,000 in the budgetary project of 1880-1881.

XXV.—BULGARIA.

The principality of Bulgaria has not yet issued any loan in Europe. According to the budget of 1885, the external public debt requires 2,105,004 lei a year, or 2,105,004 francs (1 lei=1 franc). The budgetary receipts amount to 34,899,900 francs, and the expenditures to 35,780,324 francs, making a deficit of 880,424 francs. The war budget calls for 11,675,161 francs, or 33 per cent. of the total receipts, and nearly six times more than the amount of the public debt.

XXVI.—MONTENEGRO.

There are no official publications on the finances of Montenegro; the financial condition of the principality can therefore only be approximately estimated. It is known that the prince has a civil list of 100,000 florins (250,000 francs). The receipts are estimated at 600,000 florins (1,500,000 francs), and proceed chiefly from taxes

on land and cattle, from the monopoly of salt, and from duties (4 per cent. of the value of all merchandise imported).

XXVII.—FINLAND.

We are indebted for most of the following information to the kindness of Mr. Ignatius, director of the Finland Bureau of Statistics at Helsingfors.

The grand-duchy of Finland, which possesses a separate constitution and an administration distinct from that of the Russian Empire, has a public debt which amounted, on December 31, 1885, to 65,887,813 Finnish marcs (the Finnish marc is equal to one franc).

This debt has been formed by the following loans:

Internal debt at 4½ per cent. (1872-80)	8,871,600 francs.
External debt:	
Loan contracted in Russia.....	5,440,000 "
Loan made with the house of Rothschild (4½ per cent.).....	11,728,901 "
Loan with premiums, without interest.....	5,630,637 "
Loan of 1874 at 4½ per cent. (Rothschild & Son of Frankfort).....	18,289,380 "
Loan of 1880 at 4½ per cent. (same).....	8,735,649 "
Loan of 1883 at 4 per cent (same).....	9,909,467 "

To recapitulate, allowing for the sums redeemed since the origin of these different loans, the debt of Finland is thus divided:

In 4½ per cents.....	45,734,685 francs.
In 4 per cents.....	14,855,820 "
In premium bills, without interest.....	5,297,308 "
Total.....	65,887,813 francs.

The expenditure on this debt absorbed, in 1885, a total of 5,965,796 francs, of which 4,403,000 francs were for interest, and 1,562,799 francs for the sinking fund.

The budget of the grand-duchy of Finland was established as follows for the year 1885:

The receipts are put at 47,024,721 francs, of which 9,324,775 francs proceed from the balance left from the preceding year. The domains of the State appear in the receipts for 6,983,100 francs, the direct taxes for 7,426,680 francs, and the indirect taxes for 18,375,000 francs.

The expenditures are estimated at 44,246,211 francs, whence results a surplus of about 2,778,000 francs of receipts over expenditures.

The securities of the Finnish debt have been for the most part sold abroad, especially in Germany. The loan with premiums, in particular, is almost entirely in German hands. It may be estimated that inhabitants of the country possess 30,000,000 francs of the securities of the debt, and foreigners 35,000,000. None of them are held in France.

Since 1870, when the Finnish debt was 45,000,000 francs, the net increase has been 20,800,000 francs.

The loans issued since 1870 have been: the internal $4\frac{1}{2}$ per cent. loan, issued in four series from 1872 to 1880, and the three Rothschild loans for railroads, two at $4\frac{1}{2}$ per cent. and one at 4 per cent., representing together 39,103,700 francs.

The internal loan was issued by public subscription; the others issued in Finland and Germany by bankers.

The only Finnish loans quoted on foreign Bourses are the 4 per cent. railroad loan (1883), which sells in Berlin from 100 to 100½ per cent., and the loan with premiums.

No Finnish security is quoted on the Bourse of Paris.

XXVIII.—RUSSIA.

On December 31, 1885, the total of the consolidated debt of Russia amounted to 18,028,780,918 francs, divided as follows:

Metallic rubles at 4 francs.....	344,198,535	or in francs,	1,376,794,140
Credit rubles at 4 francs.....	3,199,810,207	"	12,799,240,828
Dutch florins at 2 francs 10....	71,222,000	"	149,566,200
Pounds sterling at 25 francs...	123,896,590	"	3,147,414,750
Francs.....	555,765,000	"	555,765,000
General total.....			<u>18,028,780,918</u>

The expenditures, according to the budget of 1886, for interest and sinking fund, require 109,928,980 rubles for debts concluded in metallic value, and 149,716,185 rubles for those concluded in credit rubles, or a total of 259,645,165 rubles, which represent, with their nominal value of four francs, a total sum of 1,038,580,660 francs.

Russia has issued internal and external loans in all forms, in 6, 5, $4\frac{1}{2}$, 4, and 3 per cents. On this subject some further information follows.

All the Russian loans were, up to the last Russo-Turkish war, contracted through Dutch bankers in the beginning of the century; then, from 1820, through English and Dutch bankers, with the exception of the loans in obligations of the Bank of Russia, which establishment is a State institution. Since 1877 the Russian loans have generally been made in the interior by the Bank of Russia, assisted by Russian bankers as participants. The oriental loans were thus issued.

The loans composing the registered Russian debt are divided into metallic and paper loans. The first category includes the external loans concluded in pounds sterling, Dutch florins, francs, marks, and the external or internal loans in metallic rubles. The second category embraces all the loans in paper or credit rubles.

The metallic ruble or gold ruble (these two expressions have

the same meaning) is equivalent to four francs of our money. The paper ruble, or credit ruble, still designated sometimes as the silver ruble, is nominally worth four francs; but this value is subject to the fluctuations of exchange, which are very variable. For the last ten years, and considering the relative importance of the metallic debt and the paper debt, it is estimated that a metallic ruble is equal to one ruble and a half paper.

The registered debt is divided further into loans with perpetual securities, loans with obligations redeemable at a fixed or indefinite period, and lottery loans.

The perpetual loans are comparatively limited in the total of the Russian debt. They consist of the 6 per cents in paper rubles issued in 1817, of which 40,000,000 rubles remain in circulation and of the 4 per cents in paper rubles, called consolidated of 1859, amounting in capital to 154,000,000 rubles; or, in all, 194,000,000 rubles, which can be neither redeemed nor converted except optionally, the government having expressly renounced the right of redemption at par in the contract of issue. It can only have them redeemed, according to the prices, by the commission of the debt.

There exist also perpetual 6 per cents, gold, issued in 1883, to the amount of 50,000,000 metallic rubles; moreover, metallic 5 per cents for 20,000,000 rubles, and paper 5 per cents for 25,000,000, created and transferred to the bank of the State in 1884. For these last three securities the State has reserved the right of redemption at par, and consequently of conversion, from the year 1893.

The amortization or redemption of the terminable loans is regulated in different ways.

The terminable loans issued before 1860 are endowed, according to the old system, with a fixed sinking fund, which remains the same, while the interest charge continues to diminish, and which is calculated at the rate of 1 to 2½ per cent., according to the loans, so as to operate the extinction in 40, 50, 60 or 100 years by equal fractions of the capital.

Beginning with 1860, the Russian government adopted the modern method of amortization, increasing every year by the accumulation of the interest saved.

The duration of the amortization varies from 37 to 49 years for the various State loans, excepting those called railroad loans, and is prolonged to 75 to 84 years for the railroad loans, the Nicholas obligations, the Tamboff-Saratoff, and the seven series of consolidateds issued to represent railroad bonds. The duration of the amortization in these last cases corresponds to the time the concessions of the railroads have to run.

[TO BE CONTINUED.]

WHAT CONSTITUTES A BANK CHECK.

SUPREME COURT OF THE UNITED STATES.

*Bull and others, Partners, etc., v. First National Bank of Kasson.**

The following instrument—

"\$500. THE FIRST NATIONAL BANK, KASSON, MINN., October 15, 1881.

"Pay to the order of D. five hundred dollars in current funds.

"To Ninth National Bank, New York City. F., Cashier."

—is, with respect to the liability of the parties thereto, a bank check, and not a bill of exchange.

"In current funds," as usual in a bank check, means in money; and the insertion of those words in the instrument does not impair its negotiability.

Delay upon the part of a *bona fide* holder for value of a bank check, drawn by a bank in one State upon a bank in another, in presenting it for payment, does not affect the non-availability of set-off as between such holder and the drawer, where the funds upon which the check was drawn were still in the hands of the drawee when payment was demanded.

This case came before the Supreme Court of the United States on a certificate of division of opinion between the circuit and district judges holding the circuit court for the district of Minnesota. The action was upon two drafts, or bills of exchange (as they are termed in the record), each for \$500, drawn by the First National Bank of Kasson, in Minnesota, upon the Ninth National Bank, in New York city, and payable to the order of A. La Due, of which the following are copies:

"\$500. THE FIRST NATIONAL BANK, KASSON, MINN., October 15, 1881.

"Pay to the order of Mr. La Due five hundred dollars in current funds.

"No. 18,956.

E. E. FAIRCHILD, Cashier.

"To Ninth National Bank, New York City.

"[Indorsed:] Pay to the order of M. Edison, Esq.

A. LA DUE.

"M. EDISON."

"\$500. THE FIRST NATIONAL BANK, KASSON, MINN., October 15, 1881.

"Pay to the order of Mr. A. La Due five hundred dollars in current funds.

"18,754.

E. E. FAIRCHILD, Cashier.

"To Ninth National Bank, New York City.

"[Indorsed:] Pay to the order of M. Edison, Esq.

A. LA DUE.

"M. EDISON."

The drafts or bills of exchange were immediately after their execution transferred by indorsement of the payee to one M. Edison, at Kasson, Minnesota. Edison was at the time largely indebted, and on the following day he absconded from Kasson, carrying the drafts with him. These drafts he retained in his possession until March 24, 1882, when, at Quincy, in Illinois, he sold and indorsed them for a valuable consideration to the plaintiffs, who had no notice of any set-off to them. The plaintiffs then forwarded them to New York city, where, on the twenty-seventh of March, they were presented for payment to the drawee, the Ninth National Bank of New York, and payment was refused by it. The drafts were then protested for non-payment, and notice thereof given to the drawer and indorsers. In the mean time the First National Bank of Kasson, the drawer of the drafts, had become the owner of certain demands against Edison, which, under the statute of Minnesota, could be legally set-off against its liability on the drafts in the hands of Edison, and also in the hands of the plaintiffs, unless they were protected against such set-off as innocent purchasers of the paper before maturity, and without notice of the set-off. At the time the drafts were drawn, and at the time of their presentation for payment, the Ninth National Bank of New York had in its hands money of the drawer sufficient to pay them.

* Reversing 14 Fed. Rep. 612.

The action was tried by the court without the intervention of a jury by stipulation of parties, and the facts stated above are embodied in its findings. Upon these facts the following question of law arose, viz.: Whether the said drafts, or bills of exchange, were to be regarded as overdue and dishonored paper at the time they were presented by the plaintiffs to the drawee for payment, and payment refused, so as to admit the set-off. Upon this question the judges were divided in opinion, and, upon motion of plaintiffs, it was certified to this court for decision. The circuit judge who presided at the circuit, being of opinion that the question should be answered in the affirmative, ordered judgment for the defendant. To review this judgment, upon the certificate of division of opinion, the case is brought here on writ of error.

Mr. Justice FIELD, after stating the case, delivered the opinion of the court as follows :

In the record, the instruments upon which the action is brought are designated as "drafts or bills of exchange." In a general sense, they may be thus designated; for they are orders of one party upon another for the payment of money, which is the essential characteristic of drafts or bills of exchange. They are also negotiable, and pass by delivery, and are within the description of instruments of that character in the act of March 3, 1875, prescribing the jurisdiction of circuit courts of the United States. But, in strictness, they are bank checks. They have all the particulars in which such instruments differ or may differ from regular bills of exchange. They are drawn upon a bank having funds of the drawer for their payment, and they are payable upon demand, although the time of payment is not designated in them. A bill of exchange may be so drawn, but it usually states the time of payment, and days of grace are allowed upon it. There are no days of grace upon checks. The instruments here are also drawn in the briefest form possible in orders for the payment of money, which is the usual characteristic of checks. A bill of exchange is generally drawn with more formality, and payment at sight, or at a specified number of days after date, is requested, and that the amount be charged to the drawer's account. When intended for transmission to another State or country, they are usually drawn in duplicate or triplicate, and designated as first, second, or third of exchange. A regular bill of exchange, it is true, may be in a form similar to a bank check, so that it may some times be difficult, from their form, to distinguish between the two classes of instruments. But when the instrument is drawn upon a bank, or a person engaged in banking business, and simply directs the payment, to a party named, of a specified sum of money, which is at the time on deposit with the drawee, without designating a future day of payment, the instrument is to be treated as a check rather than as a bill of exchange, and the liability of parties thereto is to be determined accordingly. If the instrument designates a future day for its payment, it is, according to the weight of authorities, to be deemed a bill of exchange, when, without such designation, it would be treated as a check. *Bowen v. Newell*, 8 N. Y. 190.

The instruments upon which the action is brought being bank checks, the liability of the parties is determinable by the rules governing such paper. A check implies a contract on the part of the drawer that he has funds in the hands of the drawee for its payment on presentation. If it is dishonored, the drawer is entitled to notice; but, unlike the drawer of a bill of exchange, he is not discharged from liability for the want of such notice unless he has sustained damage, or is prejudiced in the assertion of his rights by the omission.

In *Bank v. Bank* this court said: "Bank checks are not inland bills of exchange, but have many of the properties of such commercial paper, and many of the rules of the law merchant are alike applicable to both. Each is for a specific sum payable in money. In both cases there is a drawer, a drawee, and payee. Without acceptance, no action can be maintained by the holder upon either against the drawee. The chief points of difference are that a check is always drawn on a bank or banker. No days of grace are allowed. The drawer is not discharged by the laches of the holder in presentment for payment, unless he can show that he has sustained some injury by the default. It is not due until payment is demanded, and the statute of limitations runs only from that time. It is by its face the appropriation of so much money of the drawer in the hands of the drawee to the payment of an admitted liability of the drawer. It is not necessary that the drawer of a bill should have funds in the hands of the drawee. A check in such case would be a fraud." 10 Wall. 647.

Similar language is used by Mr. Justice Story with reference to the time when checks are to be regarded as due. In stating the differences in point of law between checks and bills of exchange, he refers to the rule that a bill of exchange taken after the day of payment subjects the holder to all the equities attaching to it in the hands of the party from whom he receives it. "But," he adds, "this rule does not apply to a check; for it is not treated as overdue, although it is taken by the holder some days after its date, and it is payable on demand. On the contrary, the holder in such a case takes it subject to no equities of which he has not, at the time, notice, for a check is not treated as overdue merely because it has not been presented as early as it might be, or as a bill of exchange is required to be, to charge the drawer or indorser or transferrer. One reason for this seems to be that, strictly speaking, a check is not due until it is demanded." *Prom. Notes*, § 491. See, also, *In re Brown*, 2 Story, 502, 513.

Accepting these citations as correctly stating the law, the question presented for our decision is readily answered. The drawer was in no way injured or prejudiced in his rights by the delay of Edison to present the checks. The funds against which they were drawn remained undisturbed in the hands of the drawee, and therefore the drawer had no cause of complaint. The instruments in suit were not overdue and dishonored when presented for payment. Until then the plaintiffs, as purchasers for a valuable consideration without notice of any demand against Edison, in the hands of the drawer, were protected against its set-off.

The certificate of division of opinion presents to us only one question, and yet, to answer that correctly, we must consider whether the negotiability of the instruments in suit was affected by the fact that they were payable "in current funds." Undoubtedly it is the law that, to be negotiable, a bill, promissory note, or check must be payable in money, or whatever is current as such by the law of the country where the instrument is drawn or payable. There are numerous cases where a designation of the payment of such instruments in notes of particular banks or associations, or in paper not current as money, has been held to destroy their negotiability. *Irvine v. Lowry*, 14 Pet. 293; *Miller v. Austen*, 13 How. 218, 228. But within a few years, commencing with the first issue in this country of notes declared to have the quality of legal tender, it has been a common practice of drawers of bills of exchange or checks, or makers of promissory notes, to indicate whether the same are to be paid in gold or silver, or in such notes; and the term "current

funds" has been used to designate any of these, all being current and declared, by positive enactment, to be legal tender. It was intended to cover whatever was receivable and current by law as money, whether in form of notes or coin. Thus construed, we do not think the negotiability of the paper in question was impaired by the insertion of those words.

It follows from these views that the question certified to us must be answered in the negative. The judgment will therefore be reversed and the cause remanded, with directions to enter judgment for the plaintiffs upon the findings; and it is so ordered.

BANK TAXATION.

SUPREME COURT OF THE UNITED STATES.

*Davenport Nat. Bank v. Board of Equalization, City of Davenport, Iowa and others.**

The fact that under the act of Congress the capital of national banks can be taxed by the States in no other way than by an assessment upon the shares of that capital held by individuals, does not render unconstitutional the Iowa statute which taxes savings banks in that State on the amount of their paid-up capital, and does not tax the shares of those banks held by individual shareholders, the same rate per cent. being assessed upon the capital of the savings banks as upon the shares of the national banks, and it not appearing that the tax upon the former is not as great as that upon the latter.

MILLER, J. This is a writ of error to the Supreme Court of the State of Iowa. The question presented grows out of the allegation on the part of the bank, which is a national bank located in Iowa, that the shares of its stock are taxed at a rate which is in excess of the taxes levied upon other moneyed capital of the State. The foundation of this allegation is that the statute of the State on this subject taxes savings banks, one of which is in the same town with the plaintiff, on the amount of its paid-up capital, and does not tax the shares of those banks held by the individual shareholders. The case, passing through the proper stages in the State tribunals, was decided by the Supreme Court against the plaintiff.

The proposition of counsel seems to be that the capital of savings banks can be taxed by the State in no other way than by an assessment upon the shares of that capital held by individuals, because, under the act of Congress, the capital of the national banks can only be taxed in that way. It is strongly urged that in no other mode than by taxing the stockholders of each and all the banks can a perfect equality of taxation be obtained. The argument is not conclusive, if the proposition were sound; for the act of Congress does not require a perfect equality of taxation between State and national banks, but only that the shares of the national banks shall not be taxed at a higher rate than other moneyed capital in the hands of individuals. That this does not mean entire equality is evident from the fact that, if the capital of the national banks were taxed at a much lower rate than other moneyed capital in the State, the banks would have no right to complain, and the

*Affirming 19 N. W. Rep. 889.

law in that respect would not violate the provisions of the act of Congress for the protection of national banks. It has never been held by this court that the States should abandon systems of taxation of their own banks, or of money in the hands of their other corporations, which they may think the most wise and efficient modes of taxing their own corporate organizations, in order to make that taxation conform to the system of taxing the national banks upon the shares of their stock in the hands of their owners. All that has ever been held to be necessary is that the system of State taxation of its own citizens, of its own banks, and of its own corporations shall not work a discrimination unfavorable to the holders of the shares of the national banks. Nor does the act of Congress require anything more than this; neither its language nor its purposes can be construed to go any further. Within these limits, the manner of assessing and collecting all taxes by the States is uncontrolled by the act of Congress.

In the case before us the same rate per cent. is assessed upon the capital of the savings banks as upon the shares of the national banks. It does not satisfactorily appear from anything found in this record that this tax upon the moneyed capital of the savings banks is not as great as that upon the shares of stock in the national banks. It is not necessary nor a probable inference from anything in this system of taxation that it should be so, and it is not shown by any actual facts in the record that it is so. If then neither the necessary, usual, or probable effect of the system of assessment discriminates in favor of the savings banks against national banks upon the face of the statute, nor any evidence is given of the intention of the legislature to make such a discrimination, nor any proof that it works an actual and material discrimination, it is not a case for this court to hold the statute unconstitutional. The whole subject has been recently considered by this court in the case of *Bank v. New York*, 121 U. S. 138, 7 Sup. Ct. Rep. 826. In that opinion it was held that while the deposits in the savings banks of New York constituted moneyed capital in the hands of individuals, yet it was clear that they were not within the meaning of the act of Congress in such a sense as to require that because they were exempted from taxation the shares of stock in national banks must also be exempted. The reason given for this is that the institutions generally established under that name are intended for the deposits of the small savings and accumulations of the industrious and thrifty; that to promote their growth and progress is the obvious interest and manifest policy of the State; and, as was said in *Hepburn v. School Directors*, 23 Wall, 480, it could not have been the intention of Congress to exempt bank shares from taxation because some moneyed capital was exempt.

It is unnecessary to inquire whether the savings banks of Iowa are based upon principles similar to those of New York, which were the subject of the opinion in *Bank v. New York*, for, while in that case the savings banks were exempt from taxation, the Iowa statute imposes a tax upon them equal to that imposed upon the shares of the national banks. The whole subject is so fully reviewed and reconsidered in that opinion, delivered less than a year ago, that it would be but a useless repetition to go further into the question.

The judgment of the Supreme Court of Iowa is affirmed.

ILLEGALITY OF SPECULATIVE CONTRACT.

SUPREME COURT OF MISSOURI.

Crawford v. Harlow.

A sale of goods to be delivered in future is valid, though there is an option as to the time of delivery, and the seller has no other means of delivery than to purchase them in the market. But if the real purpose and intention of both parties is merely to speculate in the rise or fall of prices, and the goods are not to be delivered, but the difference between the contract and market price only paid, then the transaction is a wager, and the contract is void. If the contract is valid on its face, the burden of showing its invalidity, in that both parties intended it as a wager, is upon the party denying its binding force.

Where it was not only the understanding with plaintiff and his brokers that the deals were mere speculations on prices, but such was also the character of the contracts as between the brokers and the persons with whom they contracted, the plaintiff is entitled to restrain the collection by his brokers of notes given to them for losses paid by them on the contracts. But where the brokers, being indebted to the defendants, assigned to them the plaintiff's notes before maturity, with other notes, in payment of a part of their indebtedness, the suit cannot be maintained against the defendants, and the subsequent repurchase by the brokers of a part of the notes so assigned, and giving their own note for the amount of the notes assigned but not repurchased, which included plaintiff's notes, will not prevent defendants from asserting their rights as *bona fide* holders of the notes. The notes are not void in the hands of an endorsee before maturity, simply because based upon such a consideration.

Contracts based upon mere speculations on prices do not come within the provisions of the criminal statutes, and a note based upon such a contract, when assigned to a *bona fide* holder, is not void under Rev. Stat. 1879, §§ 2,721 - 2,723.

BLACK, J., delivered the opinion of the court:

The plaintiff brought this suit to enjoin the proposed sale of real estate under a deed of trust, given by him to secure his note, dated the 9th of November, 1881, for \$5,000 due in 100 days, and payable to the order of Harlow, Spencer & Co. The members of this firm were made defendants by the petition, but, it appearing that the note had been assigned to D. R. Francis & Bro., the members of that firm were brought in by amendment; and the suit proceeded against all these parties and the trustee to a final decree as prayed for by the plaintiff.

The ground for relief is that the note grew out of alleged gambling contracts for the purchase and sale of wheat and corn.

The evidence shows that the plaintiff, who resided at De Soto, in this State, had been, for some months prior to the date of the note, speculating in option deals in grain through Harlow, Spencer & Co., brokers at St. Louis, and through them he became a member of the Merchants' Exchange. At the date of the note, the brokers called upon the plaintiff for \$2,000 margin in addition to what he had before paid. At that time they were indebted to him in the sum of \$2,536, on account of closed transactions; but they were then carrying unclosed deals upon which margins were due to them. On the entire account it is clear that plaintiff owed them as much as \$2,000, and perhaps as much as \$5,000. Plaintiff was about to leave the State on matters connected with his business as railroad contractor, and he states that he gave the note and deed of trust to them that they might use it to raise money, if it became necessary so to do, on account of pending or future deals. Harlow, Spencer & Co., say the note and deed of trust were given to them to

secure them against loss, as the plaintiff desired to use his money in other business; and this, we conclude, was the real nature of the transaction; for it cannot be claimed but the brokers, at the date of the note, were entitled to at least \$2,000, on account of the face of the then past and pending transactions.

Harlow, Spencer & Co. failed on the 10th of February, 1882. They then had contracts for 20,000 bushels of May corn and 30,000 bushels of May wheat, which they had bought for plaintiff. They instructed the persons from whom they had purchased the grain to close out the deals, which was done, and an account rendered for the loss, which was settled by the brokers. Harlow, Spencer & Co. then rendered an account to the plaintiff, showing a balance due to them of \$7,128.

When Harlow, Spencer & Co. failed they owed D. R. Francis & Bro., who were also brokers, some \$26,000, and they turned the plaintiff's note over to the latter firm on account of that indebtedness.

There is much conflict in the direct evidence of the plaintiff and the members of the firm of Harlow, Spencer & Co. as to the real character of these transactions. The plaintiff says he became acquainted with a member of the firm, and after frequent conversations as to the speculation then going on, he concluded to make some deals; that it was the distinct understanding between him and the brokers that no grain would be delivered or received, but that differences only would be settled, and in this he is corroborated by the evidence of Mr. Norton, who was interested with the plaintiff in some of the early transactions. Harlow, Spencer & Co. say there was no such understanding, and that the deals were to be and were all made in good faith, and contemplated an actual delivery of the commodity, though delivery might be dispensed with.

The brokers did buy and ship to plaintiff a small quantity of corn for use, but that was paid for at the time and does not enter into the transactions in question; the difference between the manner that transaction was conducted and these in question is of some significance. It is an undisputed fact in the case that not a grain of wheat or corn was ever delivered under any of the contracts in question. They were all closed out and settled by the adjustment of differences, and in all cases before the maturity of the contracts. That they were all mere speculations is not denied. The plaintiff made and intended to make no arrangement for the delivery or reception of any of the grain, and this was at all times well known to the brokers. The brokers were engaged in an extensive business, many times in excess of the amount of produce handled by them. It was the especial duty of one of the firm to look after transactions like those in question. If we look to the bare assertion of the parties on the one side and the other, we might well conclude that plaintiff has failed to make out a case; but if we look to the attending circumstances, which we must do, we can but conclude that these transactions, as between the plaintiff and the brokers, were mere speculations upon the future price of wheat and corn, with a complete understanding on the part of both that no grain was in any case to be received or delivered.

It is true the contracts were all made in the names of the brokers, the name of the real principal not appearing; that they were in writing, and, under the rules of exchange, the purchaser had the right to call for the commodity; but they were made by the plaintiff's brokers in compliance with their understanding with him, and, it is believed, with an implied understanding with the persons with whom the deals were made, that no grain was to be delivered.

The law is now well settled that a sale of goods to be delivered in the

future is valid. Such a contract is valid though there is an option as to the time of delivery, and though the seller has no other means of getting them than to go into the market and buy them; but if, under the guise of such a contract, valid on its face, the real purpose and intention of the parties is merely to speculate on the rise and fall of prices, and the goods are not to be delivered, but the difference between the contract and market price only paid, then the transaction is a wager and the contract is void. It is not enough to render the contract void that one party only intended by it a speculation in prices; it must be shown that both parties did not intend a delivery of the goods, but contemplated and intended a settlement only of differences. The burden of showing the invalidity of the contract rests upon the party asserting it. *Irwin v. Williar*, 110 U. S., 499 (Bk. 28, L. ed. 225); *Cockrell v. Thompson*, 85 Mo., 510.

With respect to a suit by the brokers for services rendered and moneys advanced for the principal in procuring these wagering contracts, it was said in *Irwin v. Williar*, *supra*: "It is certainly true that a broker might negotiate such a contract without being privy to the illegal intent of the principal parties to it which renders it void, and in such a case, being innocent of any violation of law, and not suing to enforce an unlawful contract, has a meritorious ground for the recovery of compensation for services and advances. But we are also of the opinion that when the broker is privy to the unlawful designs of the parties, and brings them together for the very purpose of entering into an illegal agreement, he is *particeps criminis*, and cannot recover for services rendered or losses incurred by himself on behalf of either in forwarding the transaction."

In the present case the note was given by the plaintiff to the brokers to protect and save the latter harmless because of these illegal transactions then pending and thereafter to be made. The illegal ventures were carried on by the brokers in their own names, and they were parties thereto from first to last—parties to the agreement which made the contracts illegal. The case comes clearly within the principles asserted in the case last cited, where it is said the brokers cannot recover.

In the case of *Cockrell v. Thompson*, 85 Mo., 513, Cole Brothers were the brokers or factors. They made the ventures for Cockrell & Thompson. The deals were closed out, and Cockrell then settled with the brokers and sued Thompson for one half of the losses thus paid to Cole Brothers. From the report of the case, it would seem that the contracts for the purchase and sale of the wheat were made in the name of Thompson & Cockrell by the factors. At all events, it was not alleged or shown that Cole Brothers did not make for Cockrell & Thompson valid contracts. There was no charge that any seller or buyer who dealt with Cockrell & Thompson through the brokers did not intend to deliver or receive the wheat. It did not therefore appear, nor was it alleged, that the contracts made were illegal.

In the present case we are satisfied that it was not only the understanding with plaintiff and his brokers that the deals were mere speculations on prices, but that such were also the character of the contracts as between the brokers and the persons with whom they made the contracts. There is therefore nothing in the *Cockrell-Thompson case* inconsistent with the principle of law before asserted. It follows that the plaintiff is entitled to the relief demanded as against Harlow, Spencer & Co.

It remains to be seen whether he is entitled to the relief as against Francis & Bro.

We do not agree with counsel for the plaintiff that the note is void in the hands of a *bona fide* endorsee because of our statute upon the subject of gambling. These statutes (Rev. Stat. 1879, §§ 2,721-2,723) make all notes, "where the consideration is money or property won at any game or gambling device" void. The assignment of such a note, the statute says, shall not affect the defense.

Under these statutes it was held in *Hickerson v. Benson*, 8 Mo., 8, that a wager on the result of an election was not within their meaning. Subsequently the statute was so amended (§ 5,726) as to include bets and wagers on elections; but the amendment does not include such on tracts as those here in question. The sections of the statute before noted are evidently designed to be in aid of the criminal law. This much is said in the case of *Williams v. Wall*, 60 Mo., 320. It cannot be said that contracts like those in question come within the provisions of the criminal statutes.

These wagering contracts are void, not because prohibited by statute, but because they are against public policy. The note is not void in the hands of an endorsee before maturity, simply because based upon such a consideration. This is the view taken of the statute in *Third Nat. Bank v. Harrison*, 10 Fed. Rep., 243, and we believe it to be the correct one.

The evidence does not show that Francis & Bro. had notice of the infirmity existing in the note when they took it, which was before maturity; nor is the validity of the debt due to them from Harlow, Spencer & Co. fairly impeached. But the further claim is that they took the note as collateral security for a pre-existing debt, and therefore hold the note subject to any defense existing between the original parties.

The proof is that Harlow, Spencer & Co. owed Francis & Bro. \$26,000 on open account. The day before Harlow, Spencer & Co. failed, they gave to Francis & Bro. notes, including the one in question, amounting to \$12,000, in payment for that amount of the indebtedness; this left \$14,000 unpaid, which was settled and paid at 50 cents on the dollar, and the entire account receipted in full. Afterwards, Harlow, Spencer & Co. took up half of the notes by a cash payment; this left \$6,000 of the notes, including the one in question, in the hands of Francis & Bro. Some of the notes were small, and, to avoid protest fees, Harlow, Spencer & Co., who were endorers, gave Francis & Bro. their note also for \$6,000, the latter retaining plaintiff's note. There is still due on this note from \$600 to \$2,000; the evidence is not definite in this respect.

In *Goodman v. Simonds*, 19 Mo., 107, it was said: "We do not say that a bill of exchange passed to a person in payment of a pre-existing debt would be liable in his hands, without notice, to the equities or defenses of the original parties; but that the holder of a bill merely as collateral security for a pre-existing debt, having given no value for it—no consideration for it—holds it liable to such equities." This case was cited, but not mentioned, in the opinion in subsequent case of *Boatmans Sav. Inst. v. Holland*, 38 Mo., 51. Subsequently it was held that one who takes a note as collateral security for a debt then created is a holder for value (*Logan v. Smith*, 62 Mo., 455); and still later it was held that, if the creditor extends the time of the payment of the principal debt until the collateral shall become due, the agreement to delay constitutes the transferee of the collateral a holder for value. (*Deere v. Marsden*, 88 Mo., 512, 3 West. Rep., 812.) Where there is a new consideration at the time the collateral is given, such as the extension of the time of the payment of the prin-

cipal debt, there can be no doubt but the transferee of the collateral takes it freed from equities existing between the original parties, of which he has no notice, the collateral not being due when transferred. Where there is no such new consideration there is much conflict in the authorities. But in this case we are satisfied that the notes amounting to \$12,000 were taken in actual payment of that amount of the indebtedness of Harlow, Spencer & Co., and that being so, Francis & Bro. took the note freed from the equities existing as between plaintiff and Harlow, Spencer & Co. Dan. Neg. Inst., 3d ed., § 832.

It is true that after Harlow, Spencer & Co. gave Francis & Bro. their note for \$6,000, the plaintiff's note for \$5,000 is spoken of as a collateral to the \$6,000 note; but we do not see that the giving of the new note by Harlow, Spencer & Co., as a substitute for their endorsement, puts Francis & Bro. in any worse condition than they were when they took plaintiff's note in payment of \$5,000. In any possible view of the case, payment of \$5,000 of the indebtedness of Harlow, Spencer & Co. to Francis & Bro. was extended until the note in question matured; and had it been received by Francis & Bro. as collateral security, and not in payment, the extension of time, under the authorities before cited, would have constituted them holders for value for a new consideration. On the evidence as it now stands in this case, Francis & Bro. are entitled to enforce this security to the extent of the amount due to them from Harlow, Spencer & Co.

The judgment is therefore, as to Corwin H. Spencer, John F. Carpenter, and Thomas H. Morgan, affirmed, but as to the other defendants the judgment is reversed, and the cause remanded for a new hearing on the issues between them and the plaintiff. All concur.

LEGAL MISCELLANY.

BANKING. OFFICERS—POWER OF PRESIDENT.—The president of a bank, without express authority from the directors, made a compromise with a debtor of the bank, and accepted a composition proposed by the debtor to his creditors. There had been ample opportunity for the president to lay the matter before the board of directors: *Held*, that the action of the president was not binding on the bank. [*Wheat v. Bank of Louisville*, Ky. Ct. of App. 5 S. W. Rep. 305.]

COLLECTIBILITY OF NOTE—DILIGENCE.—The words, "I guarantee this note to be good until paid" mean that the party guarantees that the note can be collected. In an action to enforce such a guaranty, plaintiff must allege and prove that due diligence has been used to collect the note. [*Cowles v. Peck*, 10 At. Rep.]

BILLS AND NOTES—LIABILITY—PAROL EVIDENCE.—Between the original parties to a bill of exchange, parol testimony is admissible to show who is the maker, or in what character the bill was signed, when anything appears thereon to suggest a doubt on that point. [*Martin v. Smith*, S. C. Miss.]

NEGOTIABLE INSTRUMENT—CORPORATION.—The possession of a note purporting to be indorsed by a corporation, is *prima facie* evidence that the person who indorsed it had a right to do so. [*National Bank v. Mallan*, S. C. Minn.]

NEGOTIABLE PAPER—INDORSEMENT—WAIVER—CONFLICT OF LAWS.—An indorser on a promissory note which contains a stipulation that

indorsers waive presentment and demand, is liable upon it absolutely. The laws of a State in which a note is made payable therein govern the liability of an indorser. [*Dunnigan v. Stevens*, S. C. Ill.]

PAYMENTS—APPLICATION.—The proceeds of mortgaged property cannot be applied to the payment of any other debt, except by consent of both parties, so with a payment in cotton, on which the creditor has a landlord's lien. [*Strickland v. Hardie*, S. C. Ala.]

PRINCIPAL AND AGENT—COMMISSIONS—RESCISSION.—Where an insurance company canceled a policy, and requested its agent to return to the insured his commissions, less the commission on the earned premium, which he did, the agent had no right of action against the company for his commissions so returned. [*Devereux v. Insurance Co.* S. C. N. Car.]

BAILMENT—DEPOSIT—DILIGENCE.—Where a bailee, not for hire, puts the money deposited with him in a safe, and it is stolen, he is not liable. [*Carlyon v. Fitzhenry*, S. C. Arizona.]

BANKS AND BANKING—AGENT.—An agent is not responsible for interest if he collects a certificate of deposit which is payable on demand, but which draws interest only if held until its maturity, he having received no instructions on the subject of interest. [*Idé v. Bremer, etc. Bank*, S. C. Iowa.]

CONTRACT—LOBBYING.—A contract for services in lobbying with the members of the legislature is illegal. [*Sweeney v. McLeod*, S. C. Oreg.]

CONTRACT—WRITTEN—ALTERATION BY PAROL.—A written contract may be annulled or in any way added to or changed by a subsequent parol contract, which new contract may be proved by the old contract and by parol. [*Delaney v. Linder*, S. C. Neb.]

CORPORATION—SUBSCRIPTION—TENDER—REFUSAL.—A tender of full payment for the stock subscribed and a demand for the certificate, which tender is without legal cause declined and the issue of the certificate refused, releases the subscriber from any obligation to pay when the corporation has become insolvent. [*Potts v. Wallace*, U. S. C. (N. Y.) 32 Fed. Rep. 272.]

NEGOTIABLE INSTRUMENTS—CONDITIONAL OBLIGATION.—If one agrees to indorse the note of another person, upon condition that the creditor will extend the time of payment for twelve months, and indorses the note accordingly, and the note is delivered and a payment made to the creditor who nevertheless refuses to accord the extension, the indorser is not liable. [*Wager v. Huntington*, S. C. Minn.]

TRUSTS—DEPOSITS—GIFTS.—A fund deposited, with directions in case of depositor's death to divide among his children, to which by subsequent directions to the depository is added, that the depository may secure himself therefrom against loss from indorsing for the depositor, is subject to such claims. It is not a gift *inter vivos* to the children, and is subject to the payment of the depositor's debts. [*Sterling v. Wilkinson*, S. C. App. Va.]

USURY.—Upon a foreclosure of a mortgage for money loaned the plaintiff can only recover the amount actually received by the defendant. Anything beyond that amount is usury. [*Penning v. Scholer*, N. J. Ct. Chan.]

USURY—NOTE—COLLECTION FEES.—A promissory note, providing for payment of attorney's fees, if placed in the hands of an attorney for collection, is not usurious nor against public policy. [*Barton v. Farmers, etc. Bank*, S. C. Ill.]

DISTRIBUTION,* BY STATES, ETC., NUMBER, AND PAR VALUE AT
MONDAY OF

State, etc.	No. of Banks.	Number of Shares held by—		Same, in Detail, held by—					
		State Residents.	Non-State Residents.	Natural Persons.	Religious, Charitable and Educational Institutions.	Municipal Corporations.	Savings Banks, Loan and Trust and Insurance Companies.	All other Corporations.	
1 Maine	72	98,984	5,116	82,702	2,237	.....	19,161	.....
2 New Hampshire.	49	57,101	4,949	51,843	258	5	9,934	10	
3 Vermont	49	67,426	7,734	72,181	51	102	2,826	.....
4 Massachusetts...	108	411,750	35,155	373,782	4,833	661	67,618	11	
5 Boston	54	475,571	33,929	204,326	19,600	231	225,275	68	
6 Rhode Island...	61	191,264	12,136	172,519	4,458	1,052	25,366	5	
7 Connecticut.....	83	224,368	22,325	183,325	7,026	363	55,466	513	
Division No. 1.	566	1,526,464	121,344	1,200,678	38,463	2,414	405,646	607	
8 New York	269	333,320	13,977	346,126	391	.....	780	.....
9 New York City	46	326,061	162,439	457,858	3,067	190	27,087	298	
10 Albany	6	16,585	915	17,098	39	.....	363	.....
11 New Jersey.....	80	119,535	10,748	129,116	514	60	593	.....
12 Pennsylvania....	237	319,874	19,529	337,461	541	25	1,158	218	
13 Philadelphia...	43	218,670	7,910	223,760	528	20	2,272	.....
14 Pittsburgh.....	23	99,060	2,740	100,192	223	.....	1,385	.....
Division No. 2.	704	1,433,105	218,258	1,611,611	5,303	295	33,638	516	
15 Delaware	17	17,426	3,414	20,435	145	229	31	.....
16 Maryland	30	26,724	943	26,526	342	228	571	.....
17 Baltimore.....	17	112,080	5,053	103,365	6,359	61	7,293	55	
18 Washington....	7	11,766	3,984	15,364	13	.....	373	.....
19 Dist. of Columbia	1	2,040	480	2,435	66	19	.....	.....
20 Virginia.....	25	30,139	7,824	36,329	498	65	1,071	.....
21 West Virginia...	20	15,903	3,407	17,691	9	500	410	300	
Division No. 3.	117	216,078	24,905	222,345	7,432	1,102	9,749	355	
22 North Carolina..	18	21,750	2,510	24,232	7	.....	21	.....
23 South Carolina..	15	16,253	1,227	17,233	92	87	68	.....
24 Georgia.....	19	19,125	10,235	27,213	33	1	2,113	.....
25 Florida	8	4,110	890	5,000	.....	.....	.....	.....
26 Alabama	20	31,269	3,671	34,820	.....	20	100	.....
27 Mississippi.....	11	6,965	2,285	9,175	.....	.....	75	.....
28 Louisiana	5	4,865	135	4,953	16	.....	31	.....
29 New Orleans...	8	20,775	8,475	28,220	2	.....	1,018	10	
30 Texas	87	79,271	18,329	97,292	30	75	203	.....
31 Arkansas	7	7,724	1,276	9,000	.....	.....	.....	.....
32 Kentucky.....	59	93,420	4,169	96,971	414	.....	177	27	
33 Louisville	9	31,465	4,050	35,099	160	.....	194	62	
34 Tennessee	40	67,074	7,101	73,930	85	.....	160	.....
Division No. 4.	306	404,066	64,353	463,138	839	183	4,160	99	

* These tables are from the Report of the Comptroller of the Currency.

\$100 EACH OF SHARES OF STOCK OF NATIONAL BANKS ON THE FIRST JULY, 1887.

<i>Total Shares Issued.</i>	<i>Number of Shareholders.</i>					<i>Number of Shareholders Own- ing Specific Amounts.</i>			
	<i>Natural Persons.</i>	<i>Corporations.</i>	<i>Resident.</i>	<i>Non-resident.</i>	<i>Total.</i>	<i>Owning Shares to the Par Value of \$1,000 and Less.</i>	<i>Over \$1,000 and Less than \$5,000.</i>	<i>Over \$5,000 and Less than \$30,000.</i>	<i>Over \$30,000.</i>
104,100	6,965	539	6,985	519	7,504	5,335	1,790	367	12 1
62,050	3,896	145	3,573	468	4,041	2,858	970	199	14 2
75,160	3,905	44	3,544	405	3,949	2,506	1,140	284	19 3
446,905	31,120	794	28,065	2,049	31,914	22,931	7,469	1,450	64 4
509,500	17,236	3,235	18,203	2,268	20,471	11,300	6,459	2,578	125 5
203,400	12,482	457	11,631	1,308	12,939	7,888	4,295	726	30 6
246,693	13,454	910	12,831	1,533	14,364	9,790	3,090	795	77 7
1,647,808	89,058	6,124	85,732	9,450	95,182	62,623	25,819	6,399	341
347,297	15,156	43	14,253	946	15,199	8,099	5,498	1,528	74 8
488,500	14,629	442	8,516	6,555	15,071	7,012	5,439	2,445	175 9
17,500	611	7	576	42	618	290	226	96	6 10
130,283	9,054	47	8,309	792	9,101	5,926	2,675	488	12 11
339,403	22,964	83	22,102	945	23,047	14,695	7,047	1,243	62 12
226,580	10,976	93	10,438	631	11,069	6,503	3,476	1,047	43 13
101,800	3,992	37	3,972	57	4,029	2,085	1,431	483	30 14
1,651,363	77,382	752	68,166	9,968	78,134	44,610	25,792	7,330	402
20,840	1,682	21	1,347	356	1,703	1,186	440	76	1 15
27,667	1,963	27	1,924	66	1,990	1,299	593	96	2 16
117,133	5,237	186	5,114	309	5,423	3,005	1,913	480	25 17
15,750	608	7	525	90	615	339	208	67	1 18
2,520	151	4	39	116	155	77	69	9	... 19
37,963	1,501	15	1,326	250	1,576	980	387	201	8 20
19,110	929	6	778	157	935	506	340	83	6 21
240,983	12,131	266	11,053	1,344	12,397	7,392	3,950	1,012	43
24,260	895	3	765	133	898	461	292	104	41 22
17,480	1,034	25	1,008	51	1,059	721	271	63	4 23
29,360	876	22	719	179	898	489	231	166	12 24
5,000	123	.....	101	22	123	64	34	24	1 25
34,940	869	2	757	114	871	383	285	189	14 26
9,250	299	3	235	67	302	151	90	59	2 27
5,000	99	4	99	4	103	47	25	28	3 28
29,250	841	5	669	177	846	341	293	197	15 29
97,600	1,974	10	1,573	411	1,984	838	576	520	50 30
9,000	238	.....	198	40	238	106	84	46	2 31
97,589	3,807	41	3,697	151	3,848	1,913	1,401	516	18 32
35,515	1,147	10	1,073	84	1,157	539	432	178	8 33
74,175	2,320	7	2,122	205	2,327	1,024	855	426	22 34
468,419	14,522	132	13,016	1,638	14,654	7,077	4,869	2,516	192

DISTRIBUTION, BY STATES, ETC., NUMBER, AND PAR VALUE AT
MONDAY OF JULY,

		Number of Shares held by—		Same, in Detail, held by—					
State, etc.		No. of Banks.	State Residents.	Non-State Residents.	Natural Persons.	Religious, Charitable, and Educational Institutions.	Municipal Corporations.	Savings Banks, Loan and Trust Companies.	All other Corporations.
35	Ohio	190	213,122	12,818	224,958	128	.....	854	.....
36	Cincinnati	15	95,087	8,913	99,646	40	.....	4,314	.....
37	Cleveland	9	60,384	6,616	66,631	275	.....	.....	94
38	Indiana	92	108,798	9,647	118,281	54	.....	110	.....
39	Illinois	160	132,366	9,149	141,209	61	.....	245	.....
40	Chicago	18	131,143	19,357	149,950	.....	.....	550	.....
41	Michigan	99	96,700	10,086	106,826	.....	.....	20	.....
42	Detroit	8	36,963	2,037	39,000	.....	.....	.....	.....
43	Wisconsin	53	41,170	3,180	44,325	10	.....	15	.....
44	Milwaukee	3	4,366	2,134	6,500	.....	.....	.....	.....
Division No. 5.		647	920,159	83,937	997,326	568	.....	6,108	94
45	Iowa	127	82,582	19,218	101,379	.....	.....	421	.....
46	Minnesota	57	96,582	38,818	132,152	252	.....	2,900	96
47	Missouri	35	23,590	1,720	25,270	.....	.....	40	.....
48	Saint Louis	5	24,385	5,615	29,772	44	.....	184	.....
49	Kansas City	6	16,770	21,230	35,558	25	.....	2,417	.....
50	Saint Joseph	2	2,322	678	3,000	.....	.....	.....	.....
51	Kansas	123	66,036	24,255	89,462	.....	.....	820	.....
52	Nebraska	94	48,737	11,168	59,838	.....	.....	67	.....
53	Omaha	8	16,573	7,427	24,000	.....	.....	.....	.....
Division No. 6.		457	377,577	130,129	500,431	321	.....	6,858	96
54	Colorado	29	22,397	3,953	26,350	.....	.....	.....	.....
55	Nevada	2	1,092	408	1,500	.....	.....	.....	.....
56	California	28	35,149	3,351	38,478	22	.....	.....	.....
57	San Francisco	3	17,796	9,204	26,593	.....	.....	407	.....
58	Oregon	22	15,281	2,369	17,565	.....	.....	85	.....
Division No. 7.		84	91,715	19,285	110,486	22	.....	492	.....
59	Dakota	62	20,681	16,369	36,768	15	.....	267	.....
60	Idaho	6	2,620	880	3,500	.....	.....	.....	.....
61	Montana	17	13,592	5,658	19,250	.....	.....	.....	.....
62	New Mexico	9	6,200	2,300	8,350	.....	.....	150	.....
63	Utah	7	7,686	814	8,500	.....	.....	.....	.....
64	Washington	18	7,345	4,455	11,725	4	50	25	.....
65	Wyoming	8	6,937	4,713	10,620	.....	50	80	.....
66	Arizona	1	1,000	.....	1,000	.....	.....	.....	.....
Division No. 8.		128	65,161	35,189	99,713	15	100	522	.....
United States.		3,009	5,034,325	697,400	5,205,728	52,963	4,094	467,173	1,767

\$100 EACH OF SHARES OF STOCK OF NATIONAL BANKS ON THE FIRST 1887—Continued.

Total Shares Issued.	Number of Shareholders.				Number of Shareholders Own- ing Specific Amounts.				
	Natural Persons.	Corporations.	Resident.	Non-resident.	Total.	Owning Shares to the Par Value of \$1,000 and Less.	Over \$1,000 and Less than \$5,000.	Over \$5,000 and Less than \$30,000.	Over \$30,000.
225,940	8,144	31	7,708	467	8,175	4,302	2,614	1,205	54 35
104,000	1,538	50	1,467	121	1,588	421	529	581	57 36
67,000	839	2	764	77	841	163	274	368	36 37
118,445	2,304	5	2,062	247	2,309	782	823	646	58 38
141,515	4,162	8	3,846	324	4,170	2,097	1,324	701	48 39
150,500	1,545	4	1,344	205	1,549	351	443	660	95 40
106,846	3,218	1	2,899	320	3,219	1,450	1,109	638	22 41
39,000	597	....	554	43	597	139	188	245	25 42
44,350	1,201	2	1,055	148	1,203	555	364	271	13 43
6,500	145	....	39	106	145	68	57	15	5 44
1,004,096	23,693	103	21,738	2,058	23,796	10,328	7,725	5,330	413
101,800	3,244	6	2,390	860	3,250	1,670	1,016	531	33 45
135,400	2,807	35	1,966	876	2,842	1,079	806	816	51 46
25,310	885	1	831	55	886	455	281	139	11 47
30,000	860	6	607	259	866	371	322	164	9 48
38,000	930	29	836	123	959	443	295	205	16 49
3,000	46	....	25	21	46	20	10	16	.... 50
90,291	2,745	15	1,932	828	2,760	1,502	729	503	26 51
59,905	1,361	2	1,014	349	1,363	627	354	355	27 52
24,000	171	....	114	57	171	49	24	73	25 53
507,706	13,049	94	9,715	3,428	13,143	6,216	3,927	2,802	198
26,350	443	....	359	84	443	173	129	128	13 54
1,500	25	....	20	5	25	3	8	14	.... 55
38,500	678	2	639	41	680	230	243	187	20 56
27,000	140	2	130	12	142	14	43	68	17 57
17,650	282	1	257	26	283	89	82	100	12 58
111,000	1,568	5	1,405	168	1,573	509	505	497	62
37,050	1,124	8	628	504	1,132	589	315	224	4 59
3,500	57	....	40	17	57	19	13	25	.... 60
16,250	252	....	185	67	252	118	57	66	11 61
8,500	205	4	140	65	209	86	71	51	1 62
8,500	235	....	219	16	235	130	61	41	3 63
11,800	251	2	165	88	253	115	56	79	3 64
10,750	147	2	66	83	149	28	45	69	7 65
1,000	6	....	4	2	6	3	.....	1	2 66
100,350	2,277	16	1,447	846	2,293	1,088	618	556	31
5,731,725	233,686	7,492	212,272	28,900	241,172	139,843	73,205	26,442	1,682

NOTE.—The difference in the amount of capital stock as shown by this table and by the reports of condition on August 1 is accounted for by the fact that a number of banks organized during the five months just preceding that date had not paid up their capital stock.

STATISTICS OF BANKS FAILED DURING THE YEAR.

Name and location of bank.	Date of authority to commence business.	Date of failure.	Receiver appointed.	As shown at date of last report of condition in each case.			
				Capital.	Surplus and undivided profits.	Other liabilities.*	Date of last report of condition.
First National Bank, Pine Bluff, Ark.	1882 Sept. 18	1886 Nov. 15	1886 Nov. 20	\$50,000	\$22,864	\$184,697	1886 Oct. 7
Palatka Nat'l Bank, Palatka, Fla.	1884 Nov. 20	1887 May 30	1887 June 3	50,000	1,882	14,051	1887 May 13
Fidelity Nat'l Bank, Cincinnati, Ohio.	1886 Feb. 27	1886 June 20	1886 June 27	1,000,000	129,283	5,867,064	May 13
Henrietta Nat'l Bank, Henrietta, Tex.	1883 Aug. 8	1883 July 25	1883 Aug. 17	50,000	12,328	99,598	May 13
National Bank of Sumter, S. C.	1883 Nov. 26	1883 Aug. 22	1883 Aug. 24	50,000	10,774	112,763	Aug. 1
First National Bank, Dansville, N. Y.†.	1863 Sept. 4	1863 Aug. 25	1863 Sept. 8	50,000	23,863	87,852	Aug. 1
First National Bank, Corry, Pa.†.	1864 Dec. 6	1864 Sept. 16	1864 Oct. 11	100,000	10,314	172,857	Aug. 1
Stafford Nat'l B'k, Stafford Springs, Conn.†	1865 Jan. 7	1865 Oct. 12	1865 Oct. 17	200,000	25,048	293,476	Aug. 1
Total				1,550,000	236,356	6,832,358	

The First National Bank of Pine Bluff, Ark., failed because of the failure of its president, who was engaged in buying and shipping cotton on a scale too extensive for his means. To handle this business he made use of the bank, and at the date of failure he was maker or indorser of more than two-thirds of its bills receivable, the only security for which consisted of mortgages on land, crops and plantation chattels. He had also undertaken a railroad enterprise which he was unable to carry through, and the bank had a great deal of money locked up in the stock and bonds of the railroad company. A large amount of bills receivable having been rediscounted, and the president being unable, through lack of railroad transportation, to make prompt shipments of cotton to meet their maturities, the bank suspended. No run was made by the depositors. A dividend of 25 per cent. was paid to the creditors of the bank, about five months after date of failure, on claims aggregating \$64,956.08.

The Palatka National Bank, of Palatka, Fla., suffered an impairment of capital through losses attributable mainly to the gradual withdrawal of deposits by customers who were moving out of the locality, general stagnation of business, and a marked decline in the enterprises of the

* Total, as per report, except capital, surplus, circulation, undivided profits, and unpaid dividends

† Extended.

town. The directors made an abortive effort to place the bank in voluntary liquidation, but the requisite stockholders' vote could not be obtained. In less than sixty days after appointment of the receiver the creditors were paid principal and interest in full on claims aggregating \$9,379.69, and the remaining assets of the bank have been turned over to an agent of the stockholders, under the provisions of the act approved June 30, 1876.

The Fidelity National Bank of Cincinnati, Ohio, was reduced to insolvency through the reckless management of its board of directors, who suffered certain of their number to divert its funds and to prostitute its credit in support of a speculation in wheat in Chicago during the months of March, April, May and June of this year. In the progress of this nefarious enterprise many provisions of the national banking laws were violated, and the public was deceived by false statements as to the capital, surplus and business of the association. While entertaining grave apprehensions as to the management of this bank, the Comptroller had no evidence, either from its reports of condition or from an examination made in March, to justify any measure on his part likely to discredit it, or to embarrass its directors in the conduct of its affairs.

On June 20 the Comptroller received notice of the protest in New York of \$200,000 of its drafts, and immediately notified the Examiner, who had been waiting in Cincinnati and the vicinity for several weeks to act upon any information which should justify a re-examination. He entered the bank immediately, and finding it insolvent took possession under instructions. The doors were not opened on the morning of the 21st, and on June 27 a Receiver was appointed and took charge of its affairs. Upon obtaining evidence sufficient for the purpose, the Comptroller caused proceedings to be taken under section 5,239, Revised Statutes, to dissolve the corporation and to have its franchises declared forfeited. A decree to this effect was made on July 12 in the United States Circuit Court for the Southern District of Ohio. No appeal was taken. Upon the basis thus prepared, suit has been brought by the receiver against every director implicated in the violations of law, and such damages as the courts will grant, and the personal means of the directors can be made to supply, will be collected and applied to the relief of those who have suffered loss or damage. A dividend was declared on October 31 of 25 per cent. on all claims proved and allowed, amounting to \$2,386,569.20.

A very large number of accounts with corresponding banks are still unadjusted, and claims are in dispute aggregating about \$1,000,000, of which it is feared the larger part can be settled only by litigation. Both the Examiner and the Receiver were early instructed to supply to the United States District Attorney or the Southern District of Ohio all evidence they could find indicating criminal misconduct on the part of any of the directors or officers of the bank, and arrests were promptly made upon the evidence furnished by them. The Attorney-General joined with the Comptroller in the employment of special means for detecting the persons implicated in the misappropriation of the bank's funds, and the Solicitor of the Treasury, the District Attorney, the Chief of the Secret Service Division of the Treasury, and the officers detailed for the work, entered heartily and efficiently into all measures for discovering and establishing their guilt. Indictments have been found against several persons, and their trials will shortly take place. It is to be hoped that this conspicuous instance of fraudulent conduct and lax administration may furnish occasion for establishing a just degree of responsibility on the part of directors.

The Henrietta National Bank, of Henrietta, Texas, became involved in the cattle business of its president and four other directors, who constitute a majority of the board, and own more than half the capital stock of the bank. In the names of their several firms these five directors had each borrowed from the bank amounts largely in excess of the limit prescribed by law, and their aggregate indebtedness exceeded the entire capital stock. The drought in Texas last summer caused heavy losses in the cattle trade, and as soon as the firms referred to became embarrassed their property was attached, and this precipitated the failure of the bank. While the management is to be condemned, it must be said that the principal debtors of the bank had been men of large means, and that its other assets were fairly sound. Within sixty days of its suspension a dividend of 50 per cent. was paid to the creditors on claims aggregating \$64,784.31.

The National Bank of Sumter, S. C., closed its doors on August 20. Two days before the cashier had absconded, carrying with him a considerable amount of money belonging to the bank. This person performed the duties of cashier, teller and bookkeeper, and was thus in a position to conceal his embezzlements until they exceeded in amount the capital stock of the bank. The president seems to have been often absent and habitually negligent, and although a committee was appointed quarterly by the board of directors to examine the affairs of the bank, the members of it must have been incompetent or neglectful of the trust thus confided to them. No evidence has been as yet obtained sufficient to justify proceedings under section 5,239, United States Revised Statutes, and in presence of the decision in the case of *Movius, Receiver, v. Directors of the First National Bank of Buffalo*, the Comptroller has not felt justified in subjecting this impoverished trust to the expenses of a suit against the directors at common law. The assets are estimated to be good, and a dividend of 75 per cent. will probably be paid before the end of this year.

The First National Bank of Dansville, N. Y., was wrecked by its president who telegraphed to the Comptroller, August 26, that the bank had closed its doors, and immediately absconded to Canada. When the National Bank Examiner took possession of the bank the most important books and papers were missing, and those which remained contained little that was true. Nothing but a judicial investigation will unravel the tangle of falsehood and chicanery by which the public has been deceived and robbed, and a once honored family disgraced. The stock of the bank belonged almost wholly to a single family, and all its losses are chargeable to the operations of the president and one of his brothers. Evidence sufficient to justify a criminal investigation has been laid before the District Attorney of the United States for the Western District of New York, by whom proceedings have been commenced against the only parties within the jurisdiction of the court.

The First National Bank of Corry, Pa., was crippled by mismanagement several years ago. Its stockholders have had no dividends since 1881. In 1883 a change was made in the officers and directors, but the new men proved unequal to the exigency. It appears that the president lived several miles away from Corry, and that the cashier was negligent and a poor business man, while the directors were weak or inattentive. In consequence of general neglect the bank went from bad to worse, and the cashier is particularly censured for not fully informing the directors of the true condition of a large amount of paper, which was thus allowed to become entirely worthless. Added to the effects of weak management there was a constant shrinkage in the value of the old

assets, and recently adverse decisions were rendered in important litigation, and the losses on current business proved to be large.

The bank suspended on September 16, and upon examination it appeared that about 80 per cent. of the capital was lost. Ample time was allowed the stockholders to make this good, in accordance with section 5,205, United States Revised Statutes, but their efforts proving unsuccessful, a Receiver was appointed, who qualified and took possession on October 11. The assets, as at present estimated, should pay the creditors in full, but no dividend has yet been declared, owing to slow collections.

The Stafford National Bank, of Stafford Springs, Conn., lost upward of \$100,000 by its cashier, who is now under arrest charged with embezzlement and misappropriation of the funds of the bank. It appears that he was intrusted with the entire management of the bank's affairs, and was successful in deceiving the president and directors by means of fictitious notes and cash items, and the manipulation of the accounts of correspondent banks. His operations extended over a considerable period of time, and involve very large amounts of money lent to a lumber company, of which he was treasurer. The true condition of this bank was ascertained by a special examination, ordered in September, out of the regular term, and the arrest of the cashier was the first notice the public had of the bank's being in trouble. The loss to the bank is nearly equal to the amount of its capital, but it is expected that enough will be realized from the assets to nearly or quite pay the creditors in full.—*Extract from the Report of the Comptroller of the Currency.*

THE LAST FIFTY YEARS OF ENGLISH FINANCE.

[CONCLUDED FROM THE DECEMBER NUMBER.]

The election of 1874 was perhaps unique in the attempt made to decide it upon a purely financial issue. Mr. Gladstone offered, if maintained in office, to abolish the income tax. The offer was coupled with some plan of taxation the nature of which has never been explained, and upon which it may be imagined no stress whatever was laid by Mr. Gladstone's supporters at the hustings. Yet upon the character of this plan the whole question of the acceptance or rejection of Mr. Gladstone's offer ought to have depended. An abolition of the income tax, unbalanced by some strong proposals of taxation of property and some means of assessing the more lucrative trades and professions, would have left our financial system flagrantly unjust. It is not surprising that contemporary continental critics should have been amazed at such a proposal coming from a democratic minister. Mr. Disraeli was not slow to appear with a counter declaration that his policy no less favored the abolition of the income tax. Fortunately, the electors paid extremely little regard to these rival professions, and, when the election was over, nothing more was heard of the abolition of the income tax. With Mr. Gladstone it had been in former years a constant aim. He had planned for it in his great budget of 1853. He had kept it in view in the years after the Crimean war. But 1860, the promised year, came, and other objects pushed it aside, and from that time it seemed to be dormant in

Mr. Gladstone's mind until 1874. The response of the general election put it to sleep once more, and it has since rested in peace.

The financial record of Lord Beaconsfield's administration (1874-80) is not brilliant. After the distribution of the surplus to which it succeeded (which involved the disappearance from the tariff of the sugar duties) came years of increased expenditure, due among other causes, to war in South Africa and warlike demonstrations in southeastern Europe, and of stagnant revenue owing to an extraordinary series of bad harvests. The last three years ended in large deficiencies. The attempts made to supply the wants of the exchequer were insufficient, but Sir Stafford Northcote deserves credit for having been the first for many years to raise an indirect tax other than that on spirits. In 1877 he increased the tobacco duties, and, though the result proved unequal to his anticipation, the courage of the attempt must not be overlooked.

The leading feature of the financial history of the later years of the reign must be briefly noticed. Mr. Gladstone began his second administration by transforming the malt duty into a beer duty. The suggestion of this change had often been made, but as generally dismissed by the experts of the excise as impracticable. Mr. Gladstone, however, succeeded easily in accomplishing the impossible, and, by transferring to the finished product the tax before imposed at an earlier stage of manufacture, he took another step in his life work of liberating industry from the influence of the tax gatherer. Financially the change has been most successful, and the only complaint raised has been because the freedom of brewing has been too fully established. It appears that excellent beer can be made from maize and rice as well as from barley or sugar, and the growers of barley are displeased at the discovery.

All the good counsels of Mr. Gladstone's second administration were, however, neutralized by its excessive expenditure, mainly on the army and navy, and almost entirely due to complications in Egypt and on the Afghan frontier. The expenditure on the forces in 1885-86 did not fall far short of £40,000,000, and the average of the six years 1881-86 just exceeded £30,000,000. These sums are unparalleled in the expenditure of years nominally years of peace. It is no part of this sketch to trace the political spring of this drain. Whether it was due to the evil policy of Lord Beaconsfield or originated with Mr. Gladstone, or whether, if started by the former, it might not have been stopped by the latter, or whether, again, it flowed from external causes which neither could prevent, and against which both were bound to provide, are hypotheses that are arguable and have been argued. All that is to be noticed here is that under the strain of this expenditure perished excellent financial designs, just financial principles, and ultimately Mr. Gladstone's administration itself.

At the beginning of Mr. Gladstone's government, the course of redemption of debt, which had practically been almost destroyed in the later years of Lord Beaconsfield, was merrily resumed. Stock was absorbed under the operation of the plan of terminable annuities, and the price of the 3 per cents was steadily maintained at and above par. Mr. Childers, in 1884, gallantly attempted a further conversion of the 3 per cents into $2\frac{1}{2}$ and $2\frac{3}{4}$ per cents, and he obtained the sanction of Parliament to his plans, to which at first a sufficient number of holders of stock seemed prepared to assent; but the political horizon became clouded even while the details of the scheme were under discussion. The suggestion of a considerable loan in connection with the Suez canal deranged the money market, and the design proved practically abortive.

A more serious occurrence befel in 1885. It will be remembered that the terminable annuities, which had been created as a means of reducing debt, came to an end in that year, and those who had at heart the policy of diminishing the national burden were concerned as to what might happen when the opportunity would be openly presented of diminishing taxation by some £6,000,000 at a stroke. It was felt that this temptation must somehow be averted; and accordingly, when in 1883, Mr. Childers anticipated the future by proposing a further conversion of about £70,000,000 of stock into terminable annuities, to take the place of those soon about to expire, thus preventing the occasion of temptation, his invitation was sanctioned and the danger seemed past. But what happened was, perhaps, worse than what had been guarded against: 1885 came, and with it the enormous, the unparalleled expenditure to which reference has been made; and a general election was nigh at hand, disinclining both government and opposition from any suggestion of increased taxation. In these circumstances the chancellor of the exchequer proposes to balance, or approximately balance, his yearly accounts by suspending the payment of terminable annuities for the twelve months to the extent of £4,600,000, leaving a still uncovered deficiency to be met in a similar manner next year. The proposal was accepted, and the superstition of the sacredness of terminable annuities was gone forever.*

Yet another sinister circumstance must be mentioned in connection with the year 1885-86. Mr. Childers did not content himself with a suspension of terminable annuities. His proposals included 3d. more on the income tax, an increase in the beer and spirit duties, and a revision of death duties. He avowed himself anxious not to throw the whole of the increase upon direct taxation, and he therefore suggested additions to the beer and spirit duties. Against this last, resistance was raised. Wholly neglecting the effect of the additional 3d. on the income tax, a vulgar outcry was made that the budget taxed the luxuries of the poor without touching those of the rich, and upon this issue the conservative opposition, reinforced by the partisans of beer and whiskey, defeated the government. The proposal was withdrawn by the new administration which was formed, and the revision of the death duties was reduced to an extension of the principle of the succession duty to a small class of corporations, so that the taxing part of the budget practically became an unbalanced addition to the income tax. Thus Sir Stafford Northcote's action in 1878 in respect of the tobacco duties remains the solitary instance of an indirect tax raised, and none has been imposed since the Crimean war; and usage has almost consecrated the principle that every new demand for expenditure must be met by a levy on the limited class of payers of income tax.

A review of the financial history of the reign shows that there has been accomplished in its course:

- (1) A removal from the national system of taxation of all imposts which, operating as protective duties in favor of the home or colonial producer, imposed taxes on the nation greatly in excess of the receipt at the exchequer.
- (2) The abolition of all excise duties on domestic manufactures other than intoxicating liquors.
- (3) A reduction and simplification of taxes of all kinds, so that instead

* As these pages are passing through the press, Mr. Goschen has proposed to diminish by about £2,000,000 the annual reduction of the capital of the debt through the operation of terminable annuities, in order to relieve to the same extent the payers of income tax, who are now, he alleges, disproportionately burdened.

of a multiplicity of imposts of which many were very slightly remunerative, we have now a few taxes cheap in collection and reaching all classes.

(4) The establishment of identical taxation throughout the United Kingdom, except in respect of minor assessed taxes.

(5) The reimposition and maintenance of the income tax, which must now be defended as a necessary corrective, in default of a substitute, of what would otherwise be a disproportionate taxation of the less wealthy classes; but against this there is

(6) A tendency to make the income tax the sole resource of the chancellor of the exchequer when additional demands are made upon him; the discovery of a new tax and the reimposition of a discontinued tax appearing to be practically impossible.

(7) A deliberate policy to reduce the permanent burden of the national debt, steadily maintained through the machinery of terminable annuities from 1886 to 1885, and we may hope capable of being maintained in future, though now impaired in authority.

(8) A system always declared to be temporary, but as constantly increasing in dimensions, and now of long standing, of alleviating the difficulties of local taxation by making grants from the exchequer in relief of the cost of local administration; and lastly,

(9) The years subsequent to the Crimean war have been characterized by an almost continuous growth in naval and military expenditure, due to an apprehension, well or ill founded, of danger from the military ambition of now one and then another continental power during that period.

A comparison of the pressure of taxation at the commencement of the reign and to-day cannot be stated with arithmetical precision, because the indirect burden of protective duties cannot be arithmetically measured. What, for example, was the effect of the sliding scale of corn duties as it stood at the accession? The whig proposal of a substituted fixed duty of 8s. a quarter was offered as a mitigation of protection, and to accept this as an estimate of the average duty paid would be within the mark. An import duty of 8s. would not, however, imply an increase to the same extent of the price of all home-grown corn, as the effect of the removal of the duty in increasing importation, and in bringing about a discontinuance of the growth of corn on the worse soils at home, would be to establish in the markets some intermediate price between what had been obtained by the home grower and by the importer in bond. It has, however, been estimated that sixteen times as much home-grown wheat was consumed in Great Britain at the time of the accession as imported wheat, so that if an average duty of 8s. produced an average increase of price of 4s., the nation paid by way of bonus to the home producers eight times as much money as the duties brought into the exchequer. This was doubtless the most flagrant example of the pressure of protection; but evils of a similar character attended many other duties, *e.g.*, those on timber and sugar; and the mischief produced by the interference of the excise with industry is incalculable.

Discarding altogether the indirect effect of taxation, we know that in the year ending January 5, 1838, the total income was £50,419,134, of which there was raised by taxes £47,637,642, viz.:

Customs.....	£22,108,833	} or £36,676,977 indirect taxes.
Excise.....	14,568,144	
Stamps.....	7,063,915	
Land, etc., taxes.....	3,896,750	
		} or £10,960,665 direct taxes.

In the year ending March 31, 1887, the total payments into the

exchequer amounted to £90,772,758, of which there was raised by taxes £76,115,000, viz.:

Customs.....	£20,155,000	} or £45,405,000 indirect taxes.
Excise.....	25,250,000	
Stamps.....	£11,830,000	} or £30,710,000 direct taxes.
Land tax and house duty.....	2,980,000	
Income tax.....	15,900,000	

The population of the kingdom at the accession was estimated at 26,000,000, and may now be taken as 37,000,000. Mr. Giffen has reminded us that the national capital paying probate duty has risen during the reign from £55,000,000 to £140,000,000, or 155 per cent.; and the national income, as indicated by the income tax assessments, has risen since 1843 from £515,000,000 to £1,200,000,000; and it may fairly be assumed that the rise in the income and wealth of the nation since the beginning of the reign has been 150 per cent.

It will be seen, therefore, against a rise in resources of 150 per cent., the taxation per head has risen only from £1 16s. 8d. to £2 1s. 2d. per head, or 12 per cent., while the portion raised by indirect taxation has fallen from £1 8s. 2d. to £1 4s. 6d. per head, or 13 per cent.; the percentage of taxation raised by indirect taxes having fallen from 77 to something under 60 per cent.

The story of national finance during the fifty years of the reign has been one of comparative simplicity, and, in spite of some unpromising circumstances marking its close, it is a record of great success. But something must be said of the development of local finance in the same period, and here the survey is neither so easy nor so gratifying. Whilst our national taxation has been simplified and adjusted by successive ministers, local taxation has become more and more confused, and both in the amount and incidence of its levies excites increasing complaints. Each of the three great divisions of the kingdom has a system of its own. Differences of detail between them are natural and justifiable, arising from differences of historical development and of existing circumstances; but it might have been expected that some attempt would have been made to attain a similarity of principle, especially as there is nowhere contentment with what prevails. This has not been done, and it must be understood that the remarks immediately following refer to England and Wales.* The confusion and burden of local taxes are due to the constantly multiplied functions attributed to local authorities. At the beginning of the reign the relief of the poor was the one great, almost the only, duty of country authorities. The parishes had been associated together in unions under the new poor law, but each parish remained strictly charged with the maintenance of its own poor, and the poor-rate was the parish tax. There were parish roads and a waywarden nominated annually to look after them, but the standard of their condition was not high, and they practically served as supplementary relief to the laboring poor. A church-rate defrayed the cost of the maintenance of the edifice of the parish church, and afforded easy opportunities of sectarian controversy. The county charges extended to the county jails, the costs of criminal prosecutions, the expenses of

* Scotland has nearly the same complexity and confusion as England and Wales; but it possesses a far superior, and practically sufficient system of valuation, supplying a basis of assessments. It has in the machinery of the Roads and Bridges Act a first draft, if no more, of county government; and in respect of some rates, the principle has been accepted of dividing the burden between owner and occupier. In Ireland this principle has similarly been accepted, and Griffith's valuation is even better than the Scotch system; but the distinguishing feature of Ireland is the greater centralization of its administration, involving the consequence that the whole cost of its police and almost all the charge for primary education are defrayed from Imperial funds.

coroners, the maintenance of bridges, and a few other items. The cost of these services was collected through the parishes, and formed part of what was still called the poor-rate. In the towns, in addition to poor-rates, there were paving and lighting rates; and both town and country met the small charge of a feeble constabulary. Within the metropolitan district, and in some of the larger towns, water companies had been established for the supply of water, and had obtained statutory powers of rating as a means of income. It must be added that all the principal roads were under the management of turnpike trusts, and the cost of their maintenance was met by tolls levied for their user. Some of the older towns were in the possession of property, the rents of which went to defray common charges; more had lights of market tolls and harbor dues constituting sources of revenue; but the deficiency not so provided in towns, and practically the whole expenditure in rural parishes, was met by rates levied on the occupation of real property.

Such is in brief a sketch of the system of local taxation prevailing in England and Wales at the accession of the Queen, with respect to which it must be observed that rates formed the mainstay of local finance. They supplemented all other supplies, and in an overwhelming majority of local areas they were the only source of supply. It must be added that at the time of the accession the total sum raised by rates had declined to its lowest level. More than three-fourths of the amount expended was applied to the relief of the poor; and the resolute administration of the new poor law had operated to reduce the total sum expended in this relief from what had been an average of £6,800,000 in the years 1829-33 to an average little exceeding £4,000,000 in the years 1836-38. The total levied in rates attained a minimum in the year 1837-38 of £5,186,000.

One more point must be noted in connection with local finance as it stood at the time the Queen came to the throne. In the session of 1835, after the return of Lord Melbourne to office, a motion was made by Lord Chandos calling attention to the alleged grievances of farmers. Lord John Russell, on the part of the government, met the motion by referring to the report of a select committee of the previous year, and said that, acting in the spirit though not in the letter of their recommendations, the government proposed to repay to the counties half the expenses of prosecutions; and a sum of £110,000 was accordingly inserted in the budget of the year for the relief of local taxation to the extent indicated. The sum required proved less than had been anticipated, but the action is noteworthy as the beginning of a system of partial repayment of local expenses out of the consolidated fund.

There was thus in 1837 a narrowly restricted expenditure, chiefly directed to the relief of the poor, and in this respect much reduced in amount, provided in the main by rates on the occupation of real property, with, however, the commencement, in the smallest possible proportions, of aid from the consolidated fund.

The growth of local finance during the fifty years has been continuous and considerable, through the attribution to local bodies of new functions or the development of those already existing; the growth of functions being facilitated by additional grants of aid from the consolidated fund, sometimes offered beforehand, sometimes conceded after pressure has been felt—the single spring of revenue in default of such aid remaining as at the beginning, rates. Very large sums have, however, been borrowed on the security of rates to meet what has been regarded as capital expenditure in new fields of activity. The chief heads of growth may be roughly stated as police, sanitation, education.

The establishment of trustworthy police forces throughout England and Wales may probably be traced to Sir Robert Peel's institution of the Metropolitan Police in 1829. The attempt to introduce a similar machinery throughout the country was not, however, made elsewhere until 1839, when counties and boroughs were invited to organize police forces upon the promise that, if certain conditions of efficiency were satisfied, one-fourth of the cost of pay and clothing would be repaid by the treasury. In 1856 the invitation was turned into a command; but in 1875 the consequent pressure on the rates was further relieved by the one-fourth contribution being raised to one-half. There has been a tendency to use the forces thus organized for purposes not within the original design. This is especially the case in counties where the police are the administrative agents of the local authority, and act as such in respect of the supervision of weights and measures, the administration of the contagious diseases (animals) acts, the collection of statistics, etc.

Sanitary legislation has almost been created in the present reign, and has found expression in many acts worked through several channels, but in nearly every case local in character. Among the subjects of this legislation are (in town and country) the supply of water, sewerage, drainage, inspection and prevention of nuisances, provision of hospitals, burial grounds, etc., and (in towns only) street improvements, lighting, roads, market regulations, etc. A distinction has been drawn with respect to all sanitary expenditure thus incurred in towns or urban districts, and with respect to so much in country districts as may be required by water works, sewerage works, or other special works, that while the cost is met in all cases by a rate, yet agricultural lands, tithes, railways, canals, are only assessed to this rate at one-fourth of their rateable value. This departure from the old principle of the poor rate is a concession of the injustice of charging the occupiers of land at the same rate as the occupiers of dwelling places in respect of the cost of services of such different degrees of utility to houses and lands. It must be added that it is for works like these that such large sums have been borrowed and made repayable within different fixed periods.

The development of local expenditure on education needs no explanation. Here again large sums expended upon capital account have been raised by loans for fixed periods, but the annual charges to be met locally are defrayed out of rates without any discrimination of agricultural lands, etc., as is the case with sanitary charges.

Two or three more points remain to be noticed. It has been mentioned that in 1837 parishes had been associated in unions under the new poor law, but each parish remained strictly charged with the maintenance of its own poor. Various steps have since been taken to make the union rather than the parish the area of chargeability, by throwing on the associated parishes, expenses that were at first exclusively parochial; and in the metropolis yet another step was made in advance by the transfer of certain charges from its separate unions to a Metropolitan Common Fund. The local burden of the relief of the poor has, moreover, been diminished by grants-in-aid from the exchequer towards special charges, *eg.*, the maintenance of pauper lunatics. The School Board rate became *ab initio*, in the metropolis, a common charge, one Board having been instituted for the metropolitan area, and its expenditure recouped by an equal rate. So also in respect of highways, parish charges have tended to become district charges, and district charges have been practically relieved by partial conversion into county charges, in respect of which last again contributions in aid have been obtained from the Imperial Exchequer. These various steps illustrate what have been

and remain the main difficulties and the main defects of the English system of local government and local taxation. The Legislature has been searching after juster delimitations of the communities interested in and properly chargeable with the cost of the several subjects of local administration; and has confessed, by a continuous series of grants-in-aid, the injustice of the present system of meeting the cost of local government; without, however, having been able to discover any scheme of local reformation of it. Successive governments have addressed themselves to the solution of the problems thus indicated, and the present administration have announced that they have in preparation plans which may be presented for criticism, if not for adoption, in the current year. It is no part of this sketch to discuss the future lines of local administration, but a word may be permitted on the subject of the raising of local revenues. Rates have been the mainstay of local finance, and there has been much dispute as to their ultimate incidence. It has been contended that they settle down on real property, and the owners of real property complain of the injustice to which they are subject, and call for contributions from the owners of personalty which they appear to think could be obtained through an appropriation of income tax. It is believed that rates on the occupation of land are ultimately borne by the owners of land, but that rates on the occupation of houses are borne by the occupiers of houses; nor can any maneuvering by way of requiring a partition of the burden between owners and occupiers, so long as it is imposed by rates, do anything more than effect a temporary shifting of this incidence; from which, however, the conclusion must be drawn, that in any resettlement of local taxation landowners cannot claim to be relieved from burdens subject to which land has long been bought and sold. The suggestion of a local income tax is beset with difficulties, which may be appreciated by those who remember that the income tax of a *rentier* in a country parish is paid entirely through the bank, railway, and other companies in which his investments are made; and if these difficulties could be got over it would be still unjust in principle, when a person has two residences, to levy a full income tax upon him in each of the districts in which he spends a part of the year. The present writer would rather look to a reformed house duty as the best auxiliary of local finance, but he makes the suggestion with a keen sense of the difficulty of the problem, and of the limitations and conditions that must form part of any tolerable solution of it.

The rateable value of England and Wales at Lady Day, 1885, was £147,350,562. The outstanding debt was £173,207,968. The local receipts, other than loans, during the year were £43,849,181, of which £25,666,552, was raised by rates, the balance being made up of rents, tolls, receipts from gas and water works, treasury subventions, &c.; and in addition to these receipts £11,141,053 was raised by loans. These figures illustrate the magnitude of the interests involved; and in the return from the Local Government Board from which they are taken, it is said that they have been compiled from the accounts of 28,486 authorities.—*L. H. Courtney in Ward's Fifty Years of the Reign of Queen Victoria.*

ECONOMIC NOTES.

THE STATUS OF BIMETALISM IN EUROPE.

The President has transmitted to Congress the report of Edward Atkinson, of Massachusetts, who, he says, "was specially designated by me under the provisions of successive acts of Congress to visit the financial centers of Europe in order to ascertain the feasibility of establishing by international standard a fixity of ratio between the two precious metals in free coinage of both. Mr. Atkinson summarizes the results of his inquiries under four heads, as follows :

First—There is no prospect of any change in the present monetary system of European States which can modify or influence the financial policy of the United States at the present time.

Second—There are no indications of any change in the policy of the financial authorities of the several States visited by me which warrant any expectation that the subject of a bimetallic treaty for a common legal tender, coupled with the free coinage of silver, will be seriously considered at the present time by them.

Third—There is no indication that the subject of bimetallism has received any intelligent or serious consideration outside of a small circle in each country named, as a probable or possible remedy for the existing causes of alleged depression in trade.

Fourth—There is no considerable politically organized body of influential persons in either country with whom a combination could be made, if such a combination or co-operation were desirable on the part of a similar body in the United States, for promoting any definite or practicable measures of legislation to bring about the adoption of the bimetallic theory according to the commonly accepted meaning of that term. The discussion is as yet almost wholly personal, and without concentration of purpose or the presentation of any well-devised measure capable of being acted upon.

Mr. Atkinson's most important conclusion from his observations is, that it would be unwise and inexpedient for the United States again to take the initiative in promoting action for a general adoption of a bimetallic legal tender coupled with the free coinage of silver, for the reason that such action is misconstrued, and may tend to retard rather than to promote the object aimed at.

TAXATION IN LEADING EUROPEAN COUNTRIES.

An official document, issued by the French Ministry of Finance, throws some interesting light on the taxation of the leading European countries. Last year the estimated receipts (those derived from State railways being excluded), in the several nations, were: France, 78.06fr. per head of the population; England, 62.77fr.; Germany, 50.87fr.; Spain, 48.42fr.; Austria-Hungary, 48.22fr.; Italy, 47.44fr., and Russia, 29.47fr. The State exacted a larger contribution per citizen in France than in any other of the seven countries. The next largest contribution was in the United Kingdom. In this country, however, the income tax is levied only upon persons having £150 a year and upwards, and remissions are made as regards incomes up to £400 a year. The whole burden of the income tax is thus borne by the well-to-do; and yet the proceeds of the income tax are, of course, reckoned as part of the receipts of the State, and go to swell the proportion per head of the

population; but in Germany the class tax goes down to the working classes; and although, therefore, the proportion borne per head is about £2 in Germany, and about £2 10s in England, the burden of the income tax is really heavier in Germany than in England.

JAPANESE RAILWAY STATISTICS.

According to the report of the Japanese Railway Department the total mileage of railways constructed and brought into working order since March, 1869, is 370, of which 209 miles are Government property, and 161 miles belong to private companies. The total sum actually expended on the lines in operation amounts to \$21,837,084, of which \$16,897,104 were spent in Government lines, and \$4,557,229 in private lines. The net profit obtained on the former was 6.2, and upon the latter 10.26 per cent. In both cases the working expenses are the same, viz., 45.3 per cent of the gross earnings. The cause of the better result obtained in respect of private lines is that these have been constructed at much smaller expense than the Government roads. The average cost per mile in the latter was \$79,925; that in private roads \$26,519. In both cases the roads were constructed by the Railway Department, the private company supplying the funds until the line is in working order. The cost of construction of the two earliest Japanese railways averaged \$145,820 per mile, while the cost of the latest line was only \$20,239 per mile. The Minister points out that this is partly due to unavoidable initial expenditure in connection with any enterprise. Railway work in Japan is now being carried on by Japanese engineers wholly without foreign assistance. During the three years ending 1886 the rate of construction was 61 miles annually, and during the three years prior to 1883 it was 36 miles; before 1880 it was only 5 miles, and before 1877 9 miles per annum, showing enormously increased activity since 1880.

THE ECONOMIC VALUE OF FORESTS.

Doubtless you have all seen, during the last ten years, numerous references in newspapers, magazines, etc., to the necessity of forest preservation. This plea, however, even in this country, is not as novel and of as recent date as may be imagined. As far back as our colonial times, the fear of an exhaustion of lumber supply alarmed New England legislators; and as early as 1801 the Massachusetts society offered its prizes for timber planting. We may smile over the fears of those times when railroads had not yet revolutionized methods of transportation, bringing the whole world under contribution for supplies. Yet, while those fears were premature, they were nevertheless prophetic, and the very railroads which have opened up the vast forest areas of the Northwest have brought rapidly near to us the possibility of a time when a scarcity of wood may be felt. For the haulage over so long distances of so bulky freight, in addition to other obstacles, allows only a small amount of the timber growing in those distant forests to be profitably moved to market, and from fifty to sixty per cent., often even more, of the trees cut is left in the woods to rot or to furnish food for the yearly conflagrations. Even now, in the more remote lumber camps, any part of a tree less than one foot in diameter is considered unprofitable, and is left in the woods.

But while—as I will show further on—the fear of those early alarmists is with renewed force, and upon a more reasonable basis, again pressed upon us, other considerations besides a waning lumber supply compel our attention to forest preservation. A vague idea that some connection existed between the forest-cover and the climatic conditions of a country has been

prevalent from olden times. "The tree is the mother of the fountain," or "the father of the rain," are significant expressions of the sages of old. But it was due to the representations of such eminent naturalists as Humboldt, Boussingault, and Becquerel, that the important and complicated part which the forest plays in the economy of nature was first clearly recognized. And now, in the light of recent scientific experiments and investigations, added to the historical evidence of earlier times, we are forced to consider the forests of a country in a fourfold aspect.—*B. E. Fernow, in Popular Science Monthly for December.*

The reports of the New York Clearing-house returns compare as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Dec. 3.	\$354,416,600	\$68,146,800	\$26,146,300	\$353,789,500	\$8,045,800	\$5,845,725
" 10.	352,943,600	68,359,600	25,774,000	351,705,600	8,035,800	6,207,200
" 17.	350,261,200	69,083,600	26,736,500	351,566,800	8,036,600	7,928,400
" 24.	350,409,500	70,332,800	26,665,200	351,846,400	8,046,600	9,026,400
" 31.	356,540,000	71,139,300	27,259,800	359,359,800	8,077,300	8,559,150

The Boston bank statement is as follows:

1887.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Dec. 3.	\$138,204,100	\$8,195,500	\$3,344,200	\$105,357,000	\$7,811,100
" 10.	138,017,300	8,513,700	3,275,500	104,330,800	7,684,790
" 17.	138,308,000	8,433,900	3,368,100	104,316,500	7,309,800
" 24.	137,880,000	7,969,900	3,506,200	101,704,500	7,118,800
" 31.	137,509,000	8,039,600	3,650,300	103,351,800	7,042,700

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1887.	Loans.	Reserves.	Deposits.	Circulation.
Dec. 3.	\$86,555,300	\$22,580,200	\$84,758,800	\$2,311,750
" 10.	87,166,600	22,155,200	84,064,700	2,311,400
" 17.	87,053,200	21,499,100	83,391,000	2,312,750
" 24.	86,620,700	21,182,200	82,559,700	2,312,230
" 31.	86,219,800	22,128,700	83,550,200	2,311,250

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Dec. 5.	Dec. 12.	Dec. 19.	Dec. 27.
Discounts.....	7 @ 8	7 @ 8½	7 @ 8½	7 @ 8½
Call Loans.....	6 @ 4½	5 @ 4	5 @ 4	5 @ 5
Treasury balances, coin.....	\$130,608,419	\$130,961,159	\$131,215,032	\$131,478,583
Do. do. currency.....	10,314,259	10,195,212	9,619,983	9,426,097

Sterling exchange has ranged during December at from 4.84¼ @ 4.86¼ for bankers' sight, and 4.81 @ 4.83¼ for 60 days. Paris—Francs, 5.23¼ @ 5.20¼ for sight, and 5.25½ @ 5.23½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.83 @ 4.83¼; bankers' sterling, sight, 4.85¼ @ 4.86. Cable transfers, 4.86 @ 4.86½. Paris—Bankers', 60 days, 5.23¼ @ 5.23½; sight, 5.21¼ @ 5.20½. Antwerp—Commercial, 60 days, 5.26¼ @ 5.25½. Reichmarks (4)—bankers', 60 days, 95 @ 95½; sight, 95½ @ 95½. Guilders—bankers', 60 days, 40¼ @ 40½; sight, 40¼ @ 40½.

BANKING AND FINANCIAL ITEMS.

ELSEWHERE will be found a description of the contents of a new work by the editor of the Magazine, on "The National Bank Act and its Judicial Meaning." The work contains all the laws relating to national banks; and all the cases which explain their meaning are carefully noticed. It is believed that the work will prove useful to all who are interested in managing these institutions, or giving counsel to their managers.

A NEW RAILROAD PUBLICATION. — Many will be pleased to know that the Chicago, Rock Island & Pacific Railway have issued another fine souvenir for the Christmas and New Year season of 1888, which surpasses anything of the kind heretofore published. "Coal and Coke" is the title of the work, and the subject has been exhaustively treated. It is written in a colloquial style, embodying a vast amount of information in regard to coal strata; their relative position in the earth's crust; where deposits occur—their nature and extent; the different processes of underground mining; how coal is converted into coke, and some of its varied and multiple uses.

IOWA STOCK AND BANKS. — The Red Oak Express published a table prepared by Hon. Justus Clark, of that place, showing that there is more capital employed in stock raising in Iowa than is employed in all the national banks in the United States. Such statement at first seems improbable, and yet Mr. Clark has figures to prove it. He estimates the value of and required to produce horses, cows and mules at \$100 a head, for sheep \$10 and hogs \$25. Taking the number of head of stock in Iowa as reported by the Department of Agriculture January 1, 1886, he makes the valuation \$183,804,401, which, added to the value of the land required to produce them, \$541,651,380, he has a total of \$625,456,791 as representing the total capital invested in stock raising in Iowa. Alongside of this he places total national bank capital at \$532,000,000, or \$63,455,791 in favor of the stock interest of the State.—*Iowa Facts*.

CINCINNATI, OHIO. — In the narrative of Broker Joe Wilshire, in the trial of Banker Harper, at Cincinnati, he tells how he came on here on the night of June 14th with drafts and letters of credit representing \$600,000, to save Kershaw and the wheat deal. The writer happened to meet Wilshire at the American Exchange Bank on the morning of June 15th, just as he reached there with Al. Gahr, Harper's youthful brother-in-law. It was very early in the morning, between seven and eight o'clock, and the officers and attorney of the bank had been there for a long while then. It has been a mystery always how the American Exchange Bank came to suspect the character of the drafts. They were in proper form, drawn on the Chemical National of New York by the Fidelity of Cincinnati, which up to that moment was not under suspicion. But the truth is that Mr. Dewey, the then cashier of the bank and at present its president, after a portion of the credit had been checked upon, began to grow suspicious of the drafts. He insisted that the checking out be stopped until word could be got down to New York to the Chemical National. A telegram was sent down there, asking if that \$600,000 would be paid. The answer came back, "Forward them, and if the account is in proper shape when they arrive they will be paid." That answer was not altogether satisfactory. Checking was at once stopped on account of them, and a messenger hurried on to New York with them. That action of Mr. Dewey saved the Chicago bank, for it turned out that by the time the messenger reached New York the money in the Chemical National to the credit of the Fidelity was not enough to cover them, and they were protested. Mr. Green, who was a witness at Cincinnati against Harper, says: "The sensation, I think, will come when Harper takes the stand in his own defense, as he is expected to do. If there were other rich men in that wheat deal with him, their names will probably come out then".—*Chicago Herald*.

NEW YORK CITY.—The Controller of the Currency has declared an eighth dividend, 5 per cent., in favor of the creditors of the Marine National Bank, of the city of New York, making in all 55 per cent. on claims proved, amounting to \$4,474,107.55. This dividend will be payable on and after the 6th inst. The bank failed May 13, 1884.

MINNESOTA.—A bill has been filed against the Minnesota Thrasher Company to enjoin it from using its funds for unlawful purposes, or from trading its bonds for the stock of some of its stockholders, or from selling them at a discount. The proceedings were begun by the Manufacturers National Bank of Boston, the Hamilton State Bank of Boston, the Lachmere National Bank of East Cambridge, Mass., the Cambridgeport National Bank of Cambridgeport, Mass., and the Weymouth National Bank of Weymouth, Mass. These banks are the owners of \$86,000 of the preferred stock of the company. The bill is to enjoin the company from its ultra vires act threatening to bankrupt the company, and to make the complainants personally liable for its debts. The complainants say that it is proposed by the parties who have obtained control of the company by buying stock of a majority of its directors, and getting them to resign in favor of more pliable parties, and thereupon issuing \$1,300,000 of its full-paid common stock for an equal amount of the worthless stock of the bankrupt Northwestern Car Company, and for no other consideration, to issue \$2,000,000 of the bonds of said Thrasher Company secured on its entire assets, which is not safe personal security except to the managers of the company and to sell its bonds for 50 per cent. of the Thrasher Company's preferred stock, thus increasing the debt of the Thrasher Company to \$2,050,000, and increasing its assets to only \$1,250,000, thus producing a deficiency of \$800,000, where before there was a surplus of \$200,000. The complainants fear that they will be held personally responsible not only for the \$800,000, but for other debts which the company might incur in the business which it proposes to do.

BANKING IN BROCKVILLE.—The family of Benjamin Denny found in a three-legged stool at his house, in this city, \$670 in gold. It was supposed that about that much gold had been left by him, but where it was secreted no one could tell. Mother Barnes, the seeress of Plumb Hollow, back of Brockville, was consulted, and she told the inquirers that it was buried in the garden. They dug up the premises and tore up the floor in the house, but all to no purpose. By accident, the stool was tipped over, when a hole in the bottom, filled with plaster of Paris, was discovered, and upon investigation the gold was found secreted in the bottom of the stool. Mr. Denny lived alone. He lost \$200 by the failure of the Judson Bank ten years ago, and since that time had been making his deposits in the three-legged stool.—*Ogdensburg Journal*.

ITALY'S NATIONAL BANK.—The ascending movement of the industrial and financial economy of Italy is beginning to attract attention. New lines of navigation, shipbuilding yards, seven or eight metallurgic establishments, which have existed but a few years only and are already very prosperous, important agricultural machine manufactories, and the silk factories in upper Italy, are evidences of an improvement that honors the Italian nation, as well as the eminent statesmen who have its destiny in their hands. These results are greatly due to the credit which takes daily more extension through the National Bank of Italy. Although there are a certain number of banks of issue, the National Bank is the only great financial establishment which has a special character, having been, through the initiative of Cavour, brought to notice at the same time as the national policy. It is under its auspices that a revival of the great Italian undertakings took its rise, and the gratitude of the working class toward this establishment is very great. This National Bank possesses a metallic reserve fund of about \$300,000,000, and has in circulation \$600,000,000 to \$700,000,000 in bank notes. Mr. Grillo, its general manager, takes great interest in everything relating to bank matters in America, and has been instructed by the Government to draw up a project with regard to a colonial bank, which would have one of its principal branches in New York. He has terminated the study of this project, and the realization of the views of the National Bank of Italy may hereafter exert a beneficial influence on the United States markets, owing to the increased exportation of Italian produce.

NEW YORK CITY.—A number of well-to-do business men have organized a new State bank, to be known as the Hamilton Bank. It is for West Harlem, and will be at One Hundred and Twenty-fifth-street and Eighth avenue. Its object is to meet the growing needs of the residents of West Harlem, Fort Washington, and Manhattanville, and to aid in the development of that section of the city. The contributed capital is \$200,000, and the names of those interested in it, and who have brought about its organization, leave no doubt as to the soundness of its financial basis. Among them are Isaac N. Phelps, the retired millionaire and capitalist; Lucien C. Warner, Charles M. Vail, formerly president of the Produce Exchange; Charles B. Fardish, the leather merchant; Amos R. Eno, who owns the Fifth Avenue Hotel; William P. St. John, the president of the Mercantile National Bank; George Montague, president of the Second National Bank; John L. Riker, the druggist; George Sherman, vice-president of the Central Trust Company; Emanuel Lehman, Louis Strasburger, the diamond importer; Isaia Meyer, R. H. Williams, Henry A. Hurlbut, Commissioner of Emigration; Homer N. Lockwood, Seth M. Milliken, James W. Wentz, George W. Crossman, Henry F. Kneeland, Samuel T. Peters, Charles A. Davison, George De Forest Lord, Samuel Shether, J. M. Schermerhorn, Jr., Samuel H. Benton, James G. De Forest, and Cyrus Clark.

CINCINNATI.—Ever since the failure of the Fidelity Bank, the Cincinnati National, through losses in consequence of injudicious loaning of money and other mismanagement previous to that time, has had to struggle to maintain its existence. Business fell off, and the Comptroller of the Currency discovered that the capital had been impaired 44 per cent., and there was nothing the stockholders could do but stand an assessment of 44 per cent., scale down the capital, or suffer the bank to go into liquidation. The bank, in its effort to keep alive, had borrowed about \$390,000 from other banks. Under recent good management the debt was canceled, and there was strong hope that recovery would follow without heroic treatment. This hope was entertained until notice came from the Comptroller that prompt action would be necessary to save the bank, and yesterday a meeting of stockholders was held, pursuant to a call of the officers, to vote upon the proposition to scale the capital stock down from \$500,000 to \$280,000. At the meeting about four thousand shares were represented, and the entire vote of this number was in favor of the proposition. The Cincinnati National Bank is now in good shape. The \$220,000 of bad debts which impaired the capital stock to that extent will be charged off, and the bank will have a capital, after the scaling process, on a good working basis of \$280,000. The \$220,000 of debts which is obliterated, so far as the capital is concerned, while considerably disfigured, will remain in the ring, or in other words will not be entirely lost. A fair portion will be collected, and when it is, it will be placed to the credit of the surplus fund, and will to that extent be all gain.

THE AMERICAN SURETY COMPANY and the Pacific Express Company have secured the conviction of George Alden Bennett, who was a messenger in the employ of the Pacific Express Company, Salt Lake Division, and was bonded by the American Surety Company of New York. He took it into his head that he could steal successfully, and about August 13th last embezzled a money package of \$10,000. Superintendent Gentsch, of the Express Company moved quickly, and caused the arrest of Bennett, and succeeded in recovering about \$8,100 of the stolen money. The American Surety Company having been notified, promptly paid its liability, and forthwith detailed two of its inspectors, A. T. Lawrence, of Denver, Col., and W. B. Green of Pocatello, Idaho, who, in conjunction with Superintendent Gentsch, made a case for prosecution which could not be defeated. Bennett, with the assistance of able counsel, fought a desperate battle, but the Surety and Express companies met every move, sparing neither time nor expense to secure his punishment. He was indicted, arraigned, and pleaded not guilty on October last, at Blackfoot, Idaho. The trial, at the same place, occupied about three days, and resulted in his conviction November 19, and on the 6th inst. he was sentenced to imprisonment in the penitentiary at Boise City, Idaho, for the period of ten years. —*New York Times*, Dec. 9.

ST. LOUIS, MO.—At a meeting of the board of directors of the Union Savings association, the new cashier, Mr. Walker Hill, was instructed to take such legal steps as were necessary to change the name of the institution to the American Exchange Bank. Under the reconstruction the bank will have the same officials as the Union Savings Association, with the exception of cashier, which position will be filled by Mr. Walker Hill, late cashier of the City Bank at Richmond, Va. Mr. Hill, though coming well recommended from the people of Richmond, is not a stranger in St. Louis, having been married in this city two years ago to Miss Janie Lockwood.

OHIO.—The Directors of the National Lafayette Bank have declared a quarterly dividend of $2\frac{1}{2}$ per cent. and an extra dividend of 1 per cent., payable January 3d. It has been the custom with this bank for years to divide profits with its employees, and every time a dividend is declared to the shareholders each employe receives the same per cent. upon his salary as a present. Yesterday each one received $3\frac{1}{2}$ per cent.—that is, a clerk whose salary is \$1,000 per year, obtained a per cent of \$35, and if \$500 per year, \$17.50, and so on through the whole list.—*Cincinnati Enquirer*.

BANK CONSOLIDATION.—The Fulton National Bank and Market National Bank of New York city have effected a consolidation. By consolidation with the Market National Bank, a new corporation will be formed, under the name of The Market and Fulton National Bank of New York, with a capital stock and surplus of the combined wealth of the two institutions, having a capital stock of about \$800,000, and a surplus of about \$600,000. The consolidation was decided upon by the united National bank last August, and yesterday afternoon the stockholders of the Fulton National Bank met at three o'clock formally to accept the consolidation, which has already been virtually ratified by the giving of proxies, etc. The officers of the new concern will be those at present in charge of the Market National Bank, Robert Bayles being president and Alexander Gilbert cashier. The death of Thomas Monahan, president of the Fulton National Bank, last spring, and the death of its cashier, Mr. Buchanan, since that time, were the principal events which led up to the consolidation. For the present the business of the two banks forming the consolidation will be conducted at their respective offices. In May next the erection of a bank building will be begun, to occupy the whole block on Gold street, between Fulton and Ann streets. When this is completed the new corporation will move in.

MASSACHUSETTS UNCLAIMED MONEY.—The recently enacted State law vesting the Savings Banks Commissioners with authority to require savings banks to publish annually their lists of deposits unclaimed for twenty years, is likely to give added impetus to the desires of some unscrupulous persons and to get money in some easy way. Scheming and perjury will probably follow. But good will come of the new law; it cannot be doubted that in some cases, at least, the real owners of the unclaimed money will come into the possession of that which belongs to them. The amount of unclaimed bank deposits in the State amounts to much more than a million dollars; in fact, in the Five Cent Savings Bank on School street, \$89,102, divided into deposits of from \$25 to \$2,000, has been unclaimed for twenty years. This sum represents 367 deposits made by persons who had mostly lived in Massachusetts. The Provident Institution on Temple place has an aggregate sum unclaimed of \$148,972, the larger part of which was originally owned by Boston residents. Two hundred and sixty-eight deposits are represented in this amount, of which four are for sums of more than \$3,000; fifteen more than \$2,000 and less than \$3,000; and twenty-eight more than \$1,000 and less than \$2,000. A partial list of the towns in New England that were given twenty years ago by the original depositors as their places of residence with the amount of deposits, shows the following: Boston, \$164,181; Roxbury, \$9,027; Brookline, \$3,246; Charlestown, \$6,145; Cambridge, \$5,304; Dorchester, \$3,394; Worcester, \$2,506; Newton, \$2,491; Natick, \$1,475; Fort Independence, \$17.03; Hull, \$1,506; Waterborough, \$1,348; Watertown, \$1,577; Chelsea, \$1,039; Kingston, \$1,494; Lexington, \$1,117; Hanover, \$1,427; Lynn, \$1,137; Wrenham, \$1,108; Mt. Vernon, N. H., \$1,339; Woonsocket, R. I., \$1,644; Harvard, \$1,136; Acton, \$1,129; Wells, Me., \$1,023; Groveland, \$1,833; Dublin, N. H., \$1,833; unknown residences, \$6,670.

TEXAS.—The *Dallas Weekly Herald* says that "the North Texas National Bank is to be the largest banking institution in North Texas, if not in the State, and its directory is made up of leading bankers and merchants from Dallas and nearly every part of the State. In the Grand Windsor parlors yesterday the stockholders held a meeting and organized by electing the following directors: J. S. Fawlkens, president First National Bank, Bryan, Texas; T. R. Bonner, of Bonner & Bonner, bankers, Tyler, Texas; J. N. Rushing, president Callahan County Bank, Baird, Texas; G. A. Foote, president Collin County National Bank, McKinney, Texas; P. T. Morey, wholesale hardware, Belton, Texas; Robert Gibson, president Howard Oil Company, Dallas and Houston, Texas; C. H. Sawyer, John T. Gano, S. J. Howell, G. H. Schoelkopf, B. Blankenship, Henry Exall, F. R. Malone, J. T. Elliott, H. C. Armstrong, Joe M. Dickson. The officers are: B. Blankenship, president; Henry Exall, first vice-president; S. J. Howell, second vice-president; F. R. Malone, cashier; Paul Furst, assistant cashier. The bank was chartered as a \$500,000 company; the actual subscriptions to stock are \$565,000. The new bank will begin business Jan. 1st, in the building now occupied by the Dallas Land and Loan Company.

THE VESTIBULED LIMITED in regular service between New York and Chicago by the New York Central and Lake Shore route; a magnificent train of Wagner vestibuled buffet, smoking, library, drawing-room and sleeping cars.—The expedient of inclosing the car platforms for the comfort and convenience of passengers having occasion to pass from car to car while a train is in motion, has been adopted from time to time, and the device has been in daily use on the fast mail trains over the New York Central and Lake Shore roads for many years. These trains are made up of the most substantial and the handsomest railway carriages ever constructed. The interior decorations and carvings are not obtrusive, but so elegant as to satisfy the most fastidious tastes. In the buffet smoking and library car are a unique buffet, movable chairs and couches in the most luxurious upholstery; a secretary supplied with stationery and writing material, and an inclosed reading room with a well-stocked library, in which is represented the best literature of the day, including the current newspapers and magazines. The new features of this car are the barber shop and bath-room; and in connection with these novel adjuncts, it may be asserted that if useful on any road in promoting the comfort or pleasure of long distance travelers, their success on the New York Central and Lake Shore route is assured from the fact that these lines occupy the only *low-grade* thoroughfare between New York or Boston and the principal commercial cities of the West, and approach more nearly than any other the engineer's ideal of a perfect roadway—a dead level.

UNIFORM CHECKS.—In reply to a circular issued by the American Bankers' Association, Mr. Charles E. Sprague, secretary of the Union Dime Savings Institution of New York, says: "I have long been of the opinion that a uniform style of arrangement in the form of checks would be of great advantage to the business world. I have frequently urged the same view in articles in the public press. I was, therefore, greatly pleased when I learned that the Bankers' Club of Chicago had formulated a plan which would probably meet with general acceptance. One feature of this plan, however, seems to me to be, from a legal point of view, a fatal obstacle to its adoption. The objection is this: that the amount in figures and the amount in words are both brought into the body of the check, rendering inapplicable the established rule of law, that 'the words in the body of the check, and not the figures in the corner, are to control in case of variance.' The remedy would be simply to put the amount in the corner, exchanging its place with that of the number. Then the four conditions named as requisites of a perfect check would be as perfectly fulfilled as by the original plan—I think even more so. In this institution for several years all deposit and draft tickets have been printed with the spaces for amount figures in the *upper right hand corner*, and our bookkeepers say that this is absolutely the best and most convenient place. By overlapping the tickets as in enclosed bunch, the amounts of several tickets can, if desired, be added without transcribing. This institution would give its adherence to the plan at once if this important detail were corrected."

YOUNGSTOWN, OHIO.—John Shenafield, a thrifty farmer, with his wife and son, occupied a comfortable farm-house in Springfield township, this county, in 1863, when John Morgan with his guerrillas invaded Ohio. They had accumulated over \$3,000 in gold and silver coin, and fearing it would be stolen Mrs. Shenafield hid it, the place of burial being known only to her. The family prospered, and not needing the money it was left undisturbed, and Mrs. Shenafield died without revealing the location of the treasure. In November the husband died, and the son, after several days' search, found the treasure buried in the foundation of an old building on the farm, having lain undisturbed for nearly twenty-five years — *Cincinnati Enquirer*.

OBITUARY.

ZENAS C. PRIEST.—In December, a truly venerable bank president passed away, having lived more than eighty-one years. At a meeting of the directors of the National Herkimer County Bank, of which Mr. Priest was president, the following resolutions were adopted: "*Whereas*, This Board has learned that, on the 4th instant, its respected president, General Zenas C. Priest, departed this life; therefore be it *Resolved*, That while we mourn with the whole community over the close of a long life of usefulness, we are sensible of the extraordinary loss sustained by his departure. We unanimously certify that in the many years in which he has acted as director, vice-president and president, he has endeared himself to us, his associates, by his uniform kindness and cheerfulness; that we recognize that he has always been alert and active in promoting the interests of this institution. His good business judgment, his unbending integrity, his manly and dignified discharge of his duties, have won from us our admiration, regard and respect." Mr. Priest was also the "oldest railroad man in the country," says the *Little Falls Journal and Inquirer*. When he had completed a full half century in the employ of the New York Central Railroad, two years ago, its directors made the following official record upon the minutes of the corporation: "On the 18th day of October, Major Zenas C. Priest, superintendent of the middle division, will have completed fifty years of service with this corporation. During the whole of that period, in every post he has occupied, he has merited and received the full confidence of the company. Springing from the ranks and promoted steadily to higher trusts, his work and life illustrated the value and appreciation which belong to and attend duty always faithfully and conscientiously performed. He has in this half century become a part of the company which from small beginnings now traverses the State. The directors desire to mark the termination of Major Priest's fifty years with the New York Central by an entry upon the records which shall preserve and perpetuate the event, and as a body and individually they extend to him their cordial congratulations upon his hale and vigorous eighty years, and best wishes for many more years of health, happiness and usefulness."

DEATHS.

DAVIS.—On November 8, aged sixty-five years, JOHN W. DAVIS, President of First National Bank, Colton, Cal.

GREENMAN.—On November 27, THOMAS S. GREENMAN, President of First National Bank, Mystic Bridge, Conn.

HANN.—On December 11, aged thirty-one years, AUG. P. HANN, Cashier of First National Bank, Washington, N. J.

HULL.—On November 20, aged seventy-five years, LATHAM HULL, President of First National Bank, Kalamazoo, Mich.

MANNING.—On December 24, aged fifty-six years, DANIEL MANNING, President of Western National Bank, New York City, N. Y.

PRIEST.—On December 4, aged eighty-two years, ZENAS C. PRIEST, President of National Herkimer County Bank, Little Falls, N. Y.

STEVENS.—On November 14, aged forty-nine years, GEO. F. STEVENS, Cashier of First National Bank, Ashburnville, Mass.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from December No., page 478.)

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
CAL....	Elsinore.....	Exchange Bank.....	Phenix National Bank.
		Frank H. Heald, <i>Pr.</i>	Larkin Wright, <i>Cas.</i>
		S. A. Stewart, <i>V. Pr.</i>	W. F. Baird, <i>Asst. Cas.</i>
" ..	San Diego.....	California National B'k..	.....
	\$150,000	William Collier, <i>Pr.</i>	John W. Collins, <i>Cas.</i>
" ..	S. Luis Obispo..	First National Bank..	.....
	\$100,000	R. E. Jack, <i>Pr.</i>	Isaac Goldtree, <i>Cas.</i>
DAK....	Buffalo.....	Bank of Buffalo.....	Fourth National Bank.
	\$30,000	Smith W. More, <i>Pr.</i>	James A. Winslow, <i>Cas.</i>
" ..	Lidgerwood.....	Bank of Lidgerwood.....	.....
	\$50,000	Chas. H. Tulley, <i>Pr.</i>	Harry S. Leonard, <i>Cas.</i>
" ..	St Thomas.....	Bank of St. Thomas.....	Chase National Bank.
	\$25,000	Jno. D. Batson, <i>Pr.</i>	Andrew B. Little, <i>Cas.</i>
		Wm. McBride, <i>V. Pr.</i>	.....
GA....	Camilla.....	W. H. Culpepper.	Hanover National Bank.
	\$50,000	.....	.....
" ..	Marietta.....	First National Bank.....	.....
	\$50,000	R. W. Boone, <i>Pr.</i>	C. S. McCandlish, <i>Cas.</i>
IND....	Williamsport...	Bank of Williamsport...	Lincoln National Bank.
	\$25,000	Elias E. Post, <i>Pr.</i>	Loring Bundy, <i>Cas.</i>
IOWA...	Carroll.....	German B'k of Carroll Co	.....
	\$100,000	William Arts, <i>Pr.</i>	J. P. Hess, <i>Cas.</i>
		F. M. Liebfried, <i>V. Pr.</i>	.....
" ..	Guttenberg.....	Clayton County Bank....	.....
	\$50,000	Moss A. Creglow, <i>Pr.</i>	Arthur S. Rising, <i>Cas.</i>
		Frank S. Barnes, <i>V. Pr.</i>	.....
" ..	Rockford.....	Rockford Banking Co....	National Bank of the Republic.
	\$25,000	Fred. C. Johnson, <i>Pr.</i>	Thos. S. Roberts, <i>Cas.</i>
KAN....	Allison.....	McGinley Bros.	.....
" ..	Centralia.....	First National Bank.....	.....
	\$50,000	A. J. Best, <i>Pr.</i>	A. Oberndorf, Jr., <i>Cas.</i>
" ..	Chanute.....	First National Bank.....	National Bank of the Republic.
	\$30,000	R. N. Allen, <i>Pr.</i>	R. L. Nay, <i>Cas.</i>
		E. E. Ward, <i>V. Pr.</i>	.....
" ..	Garden City....	Bank of Garden City....	Fourth National Bank.
	\$60,000	John A. Stevens, <i>Pr.</i>	Benj. P. Shawhan, <i>Cas.</i>
		C. W. Aldrach, <i>V. Pr.</i>	.....
" ..	Hoxie.....	Kansas Loan & Sav. B'k.	National Park Bank.
	\$30,000	W. M. Newell, <i>Pr.</i>	Wm. H. Allen, <i>Cas.</i>
		H. H. Allen, <i>V. Pr.</i>	.....
" ..	Riley.....	Riley State Bank.....	Bank of North America.
	\$10,000	C. M. Gifford, <i>Pr.</i>	J. W. Lowdermilk, <i>Cas.</i>
		A. Southwick, <i>V. Pr.</i>	.....
KY. . .	Somerset.....	First National Bank.....	.....
	\$100,000	J. M. Richardson, <i>Pr.</i>	Rob. Gibson, <i>Cas.</i>
MICH...	Ishpeming.....	Peninsula Bank.....	Merchants Exchange Nat. Bank.
	\$50,000	Wm. Sedgwick, <i>Pr.</i>	Aubrey D. Garner, <i>Cas.</i>
		H. H. Mildon, <i>V. Pr.</i>	.....
" ..	Muskegon.....	Muskegon Savings Bank.	Hanover National Bank.
	\$50,000	John W. Moon, <i>Pr.</i>	Frank E. Hammond, <i>Cas.</i>
		John A. Miller, <i>V. Pr.</i>	.....
" ..	Ypsilanti.....	Ypsilanti Savings Bank..	Merchants Exchange Nat. Bank.
	\$30,000	Dow C. Batchelder, <i>Pr.</i>	Robt. W. Hemphill, <i>Cas.</i>
		Sullivan M. Cutcheon <i>V. Pr.</i>	.....
MINN...	Fertile.....	Matthews, & Co.	Chase National Bank.
	\$10,000	.....	Norman Hanson, <i>Cas.</i>
" ..	Princeton.....	Mille Lacs County Bank.	Ninth National Bank.
	\$20,000	Chas. Erickson, <i>Pr.</i>	Frank Hense, <i>Cas.</i>
		L. P. Thyberg, <i>V. Pr.</i>	Anna Hense, <i>Asst. Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
MO....	Charleston.....	Charleston Bank.....	Latham, Alexander & Co.
	\$15,000	A. H. Danforth, <i>Pr.</i>	Scott Alexander, <i>Cas.</i>
" ..	Monroe City.....	Farmers & Merchants Bk.	Mechanics National Bank.
	\$25,000	Chas. P. McCarty, <i>Pr.</i>	W. R. P. Jackson, <i>Cas.</i>
		John W. Rouse, <i>V. Pr.</i>	
NEB....	Chadron.....	First National Bank.....	Chase National Bank.
	\$50,000	Bartlett Richards, <i>Pr.</i>	Albert L. Miller, <i>Cas.</i>
		De Forest Richards, <i>V. P.</i>	
" ..	Johnstown.....	Bank of Johnstown.....	
	\$2,000	C. Scattergood, <i>Pr.</i>	Arthur Scattergood, <i>Cas.</i>
" ..	Mason City.....	People's Bank.....	Chemical National Bank.
	\$11,000	Jacob A. Payne, <i>Pr.</i>	Joseph F. Baldwin, <i>Cas.</i>
" ..	Omaha.....	Provident Trust Co.....	National Bank of Deposit.
	\$10,000	Edward E. Savage, <i>Pr.</i>	E. D. Samson, <i>Sec't. & Treas.</i>
		Simon Casady, <i>V. Pr.</i>	
" ..	Wood River....	Hall County Bank.....	Chemical Nat. Bank.
	\$10,000	Henry Chamberlin, <i>Pr.</i>	Walter Chamberlin, <i>Cas.</i>
N. J....	Passaic.....	Passaic T. & S. Dep. Co.	
	\$50,000	Chas. M. Howe, <i>Pr.</i>	Frederick A. Soule, <i>Treas.</i>
		Robt. D. Kent, <i>V. Pr.</i>	
N. Y....	Bay Shore.....	South Side Bank.....	North River Bank.
	\$25,000	Richard M. Raven, <i>Pr.</i>	Richard M. Raven, <i>Cas.</i>
		Tredwell O. Smith, <i>V. Pr.</i>	
" ..	Sidney.....	Sidney National Bank...	
	\$50,000	John A. Clark, <i>Pr.</i>	Hiram W. Herrick, <i>Cas.</i>
OHIO...	Dayton.....	Fourth National Bank...	Mercantile National Bank.
	\$400,000	Joseph B. Thresher, <i>Pr.</i>	Ziba Crawford, <i>Cas.</i>
		Torrence Huffman, <i>V. Pr.</i>	
" ..	Troy.....	Troy National Bank.....	
	\$60,000	Noah H. Albaugh, <i>Pr.</i>	Noah Yount, <i>Cas.</i>
PENN...	Homestead.....	First National Bank.....	
	\$50,000	William H. Watt, <i>Pr.</i>	Louis Rott, <i>Cas.</i>
" ..	Latrobe.....	First National Bank.....	
	\$50,000	W. S. Head, <i>Pr.</i>	Joseph C. Head, <i>Cas.</i>
TEXAS..	Canadian.....	The Traders Bank.....	National Park Bank.
	\$50,000	L. E. Finch, <i>Pr.</i>	Frederick S. Lord, <i>Cas.</i>
		Henry Hamburg, <i>V. Pr.</i>	
WASH..	Port Townsend.	Clapp & Feuerbach	National Bank of the Republic.
	\$50,000	Cryus F. Clapp, <i>Pr.</i>	Joseph H. Feuerbach, <i>Cas.</i>
" ..	Tacoma.....	Tacoma Trust & Sav. Bk.	Knauth, Nachod & Kuhne.
	\$30,000	Walter J. Thompson, <i>Pr.</i>	W. Burton Allen, <i>Cas.</i>
		Nelson Bennett, <i>V. Pr.</i>	

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from December No., page 479.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
CAL.... First National Bank, Colton.	W. R. Fox, <i>Pr.</i>	John W. Davis.*
	M. A. Murphy, <i>V. P.</i>	
" .. First National Bank,	John W. Davis, <i>Cas.</i>	Jno. W. Davis, Jr.
Fresno.	Howard B. Smith, <i>Ass't C.</i>	
	O. J. Woodward, <i>Pr.</i>	J. H. Braly.
	E. F. Dahnan, <i>Cas.</i>	O. J. Woodward.
	E. A. Walrond, <i>Ass't C.</i>	A. H. Braly.
CONN... First Nat. B. Mystic Bridge...	Gurdon Gates, <i>V. Pr.</i>	
ILL.... Third Nat. B'k, Bloomington..	A. S. Eddy, <i>Cas.</i>	F. L. Bunn.
" .. Quincy Nat. Bank, Quincy.....	James M. Irwin, <i>Cas.</i>	Joseph Boehmer.
IOWA... Le Mars National B'k Le Mars.	Henry J. Moreton, <i>A. C.</i>	
KAN.... Harper National Bank,	Joseph Munger, <i>V. Pr.</i> ...	W. H. Grove.
	E. C. Fox, <i>Cas.</i>	L. W. Wilson.
" .. Western Farm Mortgage	Solon O. Thacher, <i>Pr.</i> ...	F. Perkins.
Trust Co., Lawrence.	B. A. Ambler, <i>Tr.</i>	
" .. Fourth Nat. Bank, Wichita....	Geo. C. Strong, <i>Cas.</i>	J. H. Slater.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
MASS.	First Nat. Bank, Ashburnham.	Fred. L. Wing, <i>Cas.</i>	Geo. F. Stevens.
"	Beverly National Bank,	T. A. Lefavour, <i>Pr.</i>	John Pickett.
"	Beverly.	Albert Perry, <i>V. Pr.</i>	T. A. Lefavour.
"	Williamstown N. B. W'mstown	James White, <i>Pr.</i>	F. Leake.
MICH.	Farmers' Nat. B'k, Constantine	W. B. Pierson, <i>Cas.</i>	John G. Schurtz.
MISS.	First National Bank, Vicksburg	R. C. Allein, <i>Cas.</i>	
		L. J. Rankin, <i>Pr.</i>	Henry Lepp.
MO.	People's Bank, De Soto.....	Chas. Beisbarth, <i>V. P.</i>	
		Henry Lepp, <i>Cas.</i>	E. M. Carver.
"	Merchants National Bank,	M. S. Coxwell, <i>Ass't Cas.</i>	
"	Kansas City.	O. P. Dickinson, <i>ad V. P.</i>	
"	Lafayette County B., Lexington	Geo. W. McKnight, <i>Cas.</i>	O. P. Dickinson.
"	Stockton Exch. Bank, Stockton	R. A. Wilson, <i>Cas.</i>	Jos. A. Wilson.
		W. M. Hartley, <i>Cas.</i>	Milton B. Loy.
NEB.	First Nat. Bank, Fairfield ...	Ira Titus, <i>Cas.</i>	M. C. Joslyn.
		S. C. Thompson, <i>Ass't C.</i>	Ira Titus.
"	B'k of Gothenberg, Gothenb'g	L. C. Reynolds, <i>Pr.</i>	H. V. Temple.
"	Norfolk Nat. Bank, Norfolk...	F. A. Reynolds, <i>Cas.</i>	E. P. Dunlap.
N. J.	Union Nat. Bank, Frenchtown.	W. H. Bucholz, <i>Cas.</i>	John R. Hays.
"	First Nat. Bank, Washington..	Wm. H. Martin, <i>Pr.</i>	Hugh E. Warford.*
N. MEX.	First National Bank,	Louis J. Hann, <i>Cas.</i>	Aug. P. Hann.*
	Albuquerque.	M. W. Flournoy, <i>Cas.</i>	
		J. Huttenmuller, <i>A. Cas.</i>	M. W. Flournoy.
N. Y.	Genesee, Valley Nat'l Bank,	James S. Orton, <i>Pr.</i>	Jas. W. Wadsworth
	Genesee.	James W. Wadsworth, <i>V. Pr.</i>	
"		Theo. F. Olmsted, <i>Cas.</i>	James S. Orton.
"	First National Bank, Lowville.	Edward H. Bush, <i>Cas.</i>	Wm. McCulloch.
PENN.	First National Bank, Chester ..	Geo. M. Booth, <i>Pr.</i>	John Larkin, Jr.
"	Farmers Nat. Bk., Bristol...	Pierson Mitchell, <i>Pr.</i>	Caleb N. Taylor.*
"	Spring Garden Nat. B'k, Phila.	Samuel A. McClure, <i>A. C.</i>	
TENN.	Memphis City Fire and	John K. Speed, <i>Pr.</i>	Wm. N. Wilkerson.
	Gen'l Ins. Co., Memphis.	Wm. N. Wilkerson, <i>V. P.</i>	
TEXAS.	City Nat. Bank, Fort Worth...	J. Q. Sandidge, <i>Pr.</i>	A. M. Britton.
"	Citizens National Bank, Waco.	J. T. Davis, <i>Pr.</i>	Wm. Cameron.
VA.	City Bank, Richmond.....	John Ott, <i>Cas.</i>	Walker Hill.
WASH.	First National Bank, Pomeroy.	H. M. Hathaway, <i>Cas.</i>	S. G. Crandall.
WIS.	Northern Nat. Bank, Ashland..	Fred. Fisher, <i>V. Pr.</i>	Geo. W. Harrison.
"	First Nat. Bank, Fond du Lac	E. A. Carey, <i>Pr.</i>	A. G. Ruggles.
		Chas. Heth, <i>V. P.</i>	E. A. Carey.

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(Continued from December No., page 479.)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3819	First National Bank..... Chanute, Kan.	R. N. Allen,	R. L. Nay,	\$50,000
3820	Ketcham National Bank..... Toledo, O.	John B. Ketcham,	S. H. Waring,	250,000
3821	Fourth National Bank..... Dayton, O.	Joseph B. Thresher,	Ziba Crawford,	400,000
3822	Sidney National Bank..... Sidney, N. Y.	John A. Clark,	Hiram W. Herrick,	50,000
3823	First National Bank..... Chadron, Neb.	Bartlett Richards,	A. L. Miller,	50,000
3824	First National Bank..... Centralia, Kan.	A. J. Best,	A. Oberndorf, Jr.	50,000

* Deceased.

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
3825	Troy National Bank.....	Noah Albraugh, Troy, O.	Noah Yount,	\$60,000
3826	First National Bank.....	R. E. Jack, San Luis Obispo, Cal.	Isaac Goldtree,	100,000
3827	Presque Isle National Bank.....	Chas. P. Allen, Presque Isle, Me.	A. J. Jenks,	50,000
3828	California National Bank.....	William Collier, San Diego, Cal.	John W. Collins,	150,000
3829	First National Bank.....	William H. Watt, Homestead, Penn.	Louis Rott,	50,000
3830	First National Bank.....	R. W. Boone, Marietta, Ga.	C. S. McCandlish,	50,000
3831	First National Bank.....	W. S. Head, Latrobe, Penn.	Joseph C. Head,	50,000
3832	First National Bank.....	J. M. Richardson, Somerset, Ky.	Rob. Gibson,	100,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from December No., page 480.)

- N. Y. CITY..... Fulton Nat. Bank has gone into voluntary liquidation.
 " .. Market Nat. Bank, now Market & Fulton Nat. Bank; same officers.
- ARK.... Fort Smith.... National Bank of Western Arkansas, now First National Bank, same officers and correspondents.
- IOWA .. Conrad Grove.. Bank of Conrad Grove (George Sower) now Tiel & Guild, proprietors.
 " .. Greene. First National Bank has gone into voluntary liquidation.
 " .. Manchester.... A. R. Loomis & Son, succeeded by A. R. Loomis.
- KAN. .. Lawrence Western Farm Mortgage Co., now Western Farm Mortgage Trust Co.
- MICH .. Saugatuck..... A. B. Taylor has sold out to the Exchange Bank.
 " .. Ypsilanti..... Hemphill, Batchelder & Co., now Ypsilanti Savings Bank.
- MO..... Marshall..... First National Bank has gone into voluntary liquidation.
 " .. St. Louis..... Union Savings Association, now the American Exchange Bank; same officers.
 " .. Stewartsville... Stewartsville Bank, Buck & McCroskey, proprietors, reported closed.
- NEB.... Chadron..... Richards Bros., now First National Bank.
 " .. Johnstown Bank of Johnstown (George Weber) now Scattergood & Son, proprietors.
- N. C.... Fayetteville.... Fayetteville National Bank has gone into voluntary liquidation.
- N. MEX. Silver City Meredith & Ailman, reported failed.
- TEXAS.. Lampasas..... Russell, Galbraith & Co., now J. H. & L. W. Galbraith.
- WASH. Whatcom First Bank of Whatcom (L. G. Phelps & Co.), now P. E. Dickinson, proprietor.

THE
BANKER'S MAGAZINE
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FEBRUARY, 1888.

No. 8.

HAVE WE TOO MUCH MONEY?

Now that Congress is in session, new plans appear for furnishing the people with more money. It is very easy to invent plans for increasing the circulation, and the people for the last twenty-five years have been very fond of inventing them. The pastime is not confined to any class of persons; bankers, congressmen, ministers, political economists and quacks in general have gratified themselves with this indulgence. It is quite a harmless proceeding, and to some extent it may serve to keep persons alive in the absence of anything more serious.

All the schemes assume that there is, or will be, a dearth of money. Otherwise, there is no justification for doing anything. But is there a dearth of money in our country? Or, is there likely to be one? In 1873 the amount of gold and silver coin and bullion in the country, as given by Director Kimball, in the last Mint Report, was \$135,000,000, and \$6,149,305 silver coin and bullion. In 1887 the figures had increased to the following proportions; gold coin and bullion, \$654,520,335, while the amount of silver coin and bullion was \$352,993,566. To these we must add the legal tender notes, \$346,681,006, and \$169,215,067 for the net bank note circulation outstanding October 31, 1887. It is true that the bank circulation has diminished of late years, and that within a few years all will disappear. What then? Would there be a dearth of currency? The above figures show clearly enough how rapid has been the expansion, and also whence a further expansion is to come.

What is the evidence, if any, of a dearth in the circulating medium? In the first place, the rates of interest certainly are low. No banker, surely, would take any pleasure in seeing them go lower; but the tendency would be, if more money were issued, for the rates to decline. It is true there have been short seasons when money was scarce, but they have never lasted long. In the next place, beside the rapidly increasing volume of circulation, the quantity of deposits whence loans are made have increased enormously. We have shown on many occasions how deposits, and checks, and bills of exchange, have economized the use of money in effecting exchanges and in settling the indebtedness of the world. Nothing need be said in the way of making that point clear at the present time. Beside all these agencies, which have the effect of adding money to the world, or of rendering debt-paying easier, there has been a rapid extension of the railroad system over our country, whereby currency can be swiftly transported from one point to another, thus rendering its movement far more rapid than it was a few years ago. We used to hear much of the large amounts of money on the frontier, carried in the pockets of herdsmen and other persons, who were doing business there, and among whom it circulated slowly compared with its circulation among persons in the East. The railroads are changing this condition of things in the West, and giving a more rapid wing to the circulating medium. Thus, from the increase in quantity on the one hand, and more rapid circulation on the other, there is quite enough to supply the needs of business. What merit then does any plan possess for issuing more paper money? Are they not all alike to be condemned as untimely?

From one point of view it would be well to issue more notes. If a system could be invented whereby individuals or banks could issue notes for nothing, or by paying a small sum for the right or privilege, it would be a good thing for the issuer. No wonder that such persons, who are thus trying to make money out of their credit, should still cling to the idea that it is possible to get some kind of system sanctioned whereby they can profit from the use of their credit. Such persons are not to be especially blamed; it is a very old idea, and cannot easily be abandoned. In this money-making day and generation of ours it is natural enough for people to think of every possible expedient for making money. This old expedient, which proved so profitable, many still hope to work in the good time coming, and they naturally are quite unwilling to abandon so promising a field. But really they are hoping against hope. The world has quite outgrown all plans of this nature. We have no idea that either the present Congress, or any other, or any State Legislature, will ever sanction such expedients.

While all this is clear enough, this view should not prevent Congress from acting favorably on the bill permitting the banks to issue notes to par on their bonds in the possession of the Government. Under the existing national bank note system it is needful to deposit some bonds to exist as a national bank, and since the cost of buying them is so great, it is certainly only fair toward these institutions to diminish that cost somewhat by permitting them to issue notes to the par value of the bonds. The Government can do this without impairing in the least the value of the circulation, and the total increase would be so small as hardly to cause a ripple in the total quantity of the circulating medium of the country. On the other hand, the benefit would be considerable to the banks, especially to the smaller and newer ones, and therefore Congress can very properly sanction such a change. The force of this view, we trust, will be speedily seen, and lead to immediate action. The measure is commended alike by conservatism and by all business interests.

NEW YORK CITY FINANCES.

Mayor Hewitt's annual message is an able and interesting document—such as might be expected from this accomplished student and administrator of public affairs. In this he has dealt especially with the indebtedness of the city, and also the subject of taxation.

His message has served as a peg for newspapers to consider the city's expenditures, past and prospective. By many these are regarded as "extravagant." For example, the *New York Commercial Bulletin*, after remarking that "the two most costly departments of the city government are those of public works and public charities and correction," and that the progressive increase in expenditure "may well make the tax-payers stop and think," adds that "the thinking, however, will be of but little use if it does not lead the intelligent citizen up to an inquiry why it is that the annual expenditures of a city containing less than a million and a half of inhabitants should be so largely in excess of those of not a few of the individual States, with populations running into the millions. At the start the inquirer would be confronted with the fact that the increase this year is most noticeable in public works, the most extravagant of all the city departments, as if true to the traditions of its original inventor and patentee, the late William M. Tweed; and the excuse for it is the necessity of repaving the streets. Of course streets, like other things of human contrivance, cannot be made to endure forever, and when these wear out they must be repaired; but it is

the testimony of experts, and of close observers of the methods of other cities, that there is more money annually expended in New York in this way, with less to show for it, than in any community of like importance in the civilized world. The phenomenon, if it be one, has its explanation in the fact that the department, as a rule, is run by 'practical politicians,' with whom, naturally, considerations of personal gain are superior to the public welfare. Hence, until the tax-payers themselves come to the front and manifest a more direct interest in public affairs, the 'practical politicians' will continue, as heretofore, to 'boss the job,' and the expenditures will continue to increase in mathematical ratio, just as at present, from year to year."

A corrupt expenditure is one thing; a large expenditure for public improvements, or the public health or safety, is quite another. Expenditure of the former kind can never be justified; but the other kind of expenditure, in our opinion, is by no means excessive, either in New York or in any other American city. Honest expenditures may be divided into two classes, those which are for the economy of business; and secondly, those which are to minister to the comfort and well-being of the citizens in general. In all the larger cities, especially, many expenditures are for the first purpose. For many reasons which need not be stated, business men find it convenient to collect at certain central points for the transaction of business. They do not come in obedience to a formal law, but business necessities. In thus drawing together within a narrow compass, expenditures are necessarily involved in the new situation. The streets must be changed, sewered, lighted and policed. These things are done primarily for the benefit and economy of business, and the expenditure more properly should be regarded as a tax or part of the cost of production or exchange. Large as they may be, after all, it is much cheaper to pay them than it would be to attempt to do business in other places. These expenditures form a large element in city taxes, and might very properly be charged to a man's business account, as much so as his clerk hire or drayage, or any other item of expense. The policeman watches his store to prevent robbery. If he has a private policeman his salary is, of course, charged to the expense account. Why is it not just as proper to charge the sum that is paid for employing the public policeman for the same purpose? If a street is graded and paved, the primary object is to cheapen drayage by enabling the drayman to carry a larger load, or to go more rapidly than he could on a poorer road. The expenditure, therefore, for this purpose, however great, is an economical one. So is the expenditure for the fire department. Therefore, we repeat, a large amount of city taxation is to facilitate or economize the modes of doing business, and is

properly an element in the cost of production or exchange. The remaining portion of the taxes paid may be regarded as spent for the purpose of enhancing the comfort and safety of living within a city.

The chief items of expenditures are for sewerage, lighting, fire protection, police and judicial purposes. Are not all of these needful to business and to health? These wants are of a primitive and imperative kind, and must be satisfied. The truth is, there is no extravagance in these matters at all. On the other hand, the cities have been very slow in satisfying these wants. There has been, it is true, a considerable expenditure without adequate return, in consequence of inability to comprehend the future growth of many large cities. When pipes have been laid for lighting, and sewerage, and the like, it has always been supposed that they were quite large enough to supply present and future wants; but the growth of many of our cities has been so phenomenal that it has been necessary to renew these improvements at heavy cost on a more comprehensive plan. In this regard it may be said that there has been a waste of money in city administration. Outside these outlays, omitting, of course, corrupt expenditure, city expenditures can by no means be regarded as extravagant. The chief difficulty has been in the other direction. The improvements have been too slow and too poor. Hardly a city in the Union to-day possesses water fit for drinking. Poor lights, poor sewerage, poor everything, is the cry in nearly all of them. How then can we say there has been extravagance, when there is such poverty in the way of supplying these most necessary things?

People will learn that if they wish to do business in the city, something must be paid for the great economy of transacting it there. It is idle to suppose that one can get all these facilities and conduct business as cheaply as he could in the country. The truth is, with all of these expenditures in the way of taxation, the economy is vastly greater, and that is why people are flocking more and more to the cities to exchange their products.

So far as corrupt expenditures are concerned, it is believed that in New York and in all of the cities, very considerable reforms have been effected of late years. Persons are paying more attention to city administration; the methods of municipal administration are becoming better understood; taxation is regarded as a more serious thing than it was formerly, and so for many reasons it is believed that people are getting more for their money than they did a few years ago. What is wanted now, is not a smaller satisfaction of our wants in the various ways they are supplied by a city government, but a better satisfaction of them. In other words, extravagance is not really extravagance in this case, and the

various things which are denominated by it are among the most primary wants that we have, and every well conducted city government should seek to supply them more perfectly than it has done heretofore. In making the needful expenditure, however, the cities should be honestly served, and should get their full money's worth. We do not believe that the growling over city taxes, heard everywhere, is because the city is doing too much, but simply is furnishing too little for the money paid. The lighting is too poor, the sewerage, policing, and all the other functions of the city government are imperfectly done. No rational person desires to have the city do less, but to render a more efficient service for the money he pays.

EXTENSION OF COMMERCE.

One of the ways in which England manifests her commercial greatness is in stretching out in so many ways for the trade of the world. Not only are old lines held securely, but no opportunity is missed for improving them, or for adding others. When the Canadian railroad was begun it seemed to be a purely Canadian enterprise, but, before its completion, the hand of the English statesman was seen with respect to utilizing it. As soon as completed it was made a link in England's chain to the East. Thus England secures even from India a line of traffic across the oceans and through her own territory, unimpeded by any foreign alliance. While she maintains a pretty strong grip on the Suez canal, it is not wholly her own, but this new line is. The distances from England to various places in the East, in thousands of miles, are as follows:

	<i>Via Canada.</i>	<i>Via Suez.</i>	<i>Via the Cape.</i>	<i>Via Cape Horn.</i>
To Japan.....	9½	13½	15½	15½
" Shanghai.....	10½	12½	14½	16
" Hong Kong.....	11	11	13½	16
" Singapore.....	12½	9½	12½	16½
" Brisbane.....	11½	12½	14½	13½
" Sydney.....	12	12	13½	12½
" Auckland.....	12	12	14	11½

The importance of this route to English commerce is apparent from the considerations above named. We are slow in imitating England's example in establishing lines of commerce. Our country is so large that we seem to be content with developing its resources and establishing lines of communication among ourselves. It is true that American enterprise is stretching southward into Mexico, and in due time we shall doubtless reap bene-

fits from a closer alliance with that State; but in the East we have hardly attempted anything. The feeling is growing that the people of the United States, for several reasons, must establish lines of communication to foreign ports, especially in South America. Our situation seems to be about this: In times of prosperity our manufacturers and traders have their hands full to supply our own wants; but when production and exchange slacken, and the mills close, or partly so, for the lack of a home market, the foreign markets are denied to us. England, through her lines of communication with all parts of the world, and her systems of banking and credit, is quite able to hold her foreign markets securely. The feeling is growing that we should also share these with her and other nations, especially in times of depression. At present, the foreign manufacturer in times of depression suffers, it is true, at home, but his foreign market is unimpaired. The English manufacturer will sacrifice something on his prices at home, also on the goods, perhaps, sent to this country; but in the South American and other markets he gets his prices quite the same as during good times. Our manufacturers see the possibility of doing the same thing. Prices here would shrink, but the surplus could be drawn off to other countries, thus relieving the market here and enabling them to weather the storm more easily than they can under the existing condition of things. Two difficulties are in the way of putting ourselves on the foreign level in this regard. One is the lack of lines of transportation; the other is the higher cost of production. The question has become a very serious one, whether or not both things should not be attempted; the establishing of foreign lines and the producing at a lower cost, which involves a reduction in the price of labor. Put in another form, the question is: Shall the American manufacturer content himself with our market, paying the present price for wages and enjoying the protection now afforded him in the way of tariff, or shall the tariff be reduced, and wages also, with the possibility on the one hand of having his own market threatened, but on the other, of gaining foreign markets to which he can send his surplus during periods of depression here? This is the alternative. Shall he risk the home market for the sake of gaining a footing in the foreign one? Or, shall he suffer during periods of depression in order to enjoy more securely his profits during periods of prosperity? Put in this light, the question is not easy to answer. Anyhow, as above stated, the feeling seems to be growing that we must imitate England's world-wide plan of having foreign lines of communication, and thus of putting ourselves into closer intercourse with all parts of the earth, and of making ourselves known as sellers in the world's markets.

A REVIEW OF FINANCE AND BUSINESS.

THE GENERAL SITUATION.

The conditions of business, of nearly all kinds, have not been improved, during the first month of the new year. The causes that have operated to render these conditions less favorable than at the beginning of the year, have been temporary and artificial. Yet their effects have been so widespread and serious that they are almost universal in their influence, and must be felt by every interest, directly or indirectly, and for a considerable time to come. Of these causes, the overshadowing ones have been the extreme severity of the weather and the great anthracite coal strike, which, coming together, have been doubly injurious in their effects and far more general, while the hardships caused thereby have been twofold. Neither of these causes could have operated at a worse time for either. Hence the effects are more serious, the losses greater, and will be much longer felt than such influences usually are. The year has begun badly, and one month of it has virtually been lost, or at least rendered unprofitable, while in many interests it will leave a large deficit to be made good out of the profits of the balance of the year. Chief of the losers from these causes, is the Reading Railroad, and chief of the sufferers are the people of the Northwest, who have frozen to death by hundreds from want of fuel and exposure. Next to them, the army of 30,000 miners employed by the Reading Coal and Iron Company, and those of the same railroad company, have both lost, and suffered; while the business men of every class, and the mining and manufacturing interests dependent upon these great corporations and their employes, have been about equal direct sufferers, as has been shown by the numerous delegations of business men who have begged the Reading Company to arbitrate.

THE READING STRIKE AND ITS EFFECTS.

While values have been little affected, so far as reflected by the stock market, the loss to that corporation has been nearly one-twelfth of a year's business, in the branches affected, which will be but very partially offset by the advance in coal, caused by the strike, and must be paid out of the balance of the year's earnings. A year ago the coal handlers' strike in New York was taken advantage of by the Reading, which compromised with its men while its rivals fought them, and the start, thus gained, was kept of the other coal roads, during the year, which proved the most prosperous in its recent history, because it remained friendly with its men, while the other companies did not.

Mr. Corbin then gained much credit, among business men, for sagacity, and among his employes for fairness; while the public, which had been served by the Reading with coal during last winter's strike, without paying exorbitant prices, when he might have extorted them, favored it with the preference in their patronage, over its competitors, at the same prices. Last year's business, thus well begun, continued to the close. But this year has been as badly begun, from a business standpoint, as last year was well. The merits of the dispute between employer and employed are left out of the question entirely. But a policy that could place poor old friendless Reading on its feet, in one year, when nearly all hopes of its resurrection had been abandoned, would seem, to an ordinary business man, a good policy to continue, to keep it on its feet. If it could pay the prices it did last year for mining coal, and make handsome profits, could it not do so this year? Mr. Corbin's judgment, as a business man, a financier and a railroad manager, can scarcely be so highly esteemed as it was a year ago, for precipitating all this trouble on that corporation, the moment it was out of the hands of a receiver and out of bankruptcy, and where he could exercise absolute power. At all events, in maintaining his position he has sacrificed, for a time at least, some of the confidence of the business, investing and financial classes in his sagacity, the good-will of the working men, and of the coal-consuming public.

LOSING CONFIDENCE OF BUSINESS MEN AND STOCKHOLDERS.

While he may regard his position impregnable, from his own standpoint, and while the right of the controversy may be conceded to him by the public and his friends, yet both already regard its maintenance as dearly paid for, and any possible benefit out of all proportion to the cost, which must come to that convalescent but yet weak corporation, still leaning upon its artificial support, the syndicate. This is a most unfortunate loss of confidence and good-will, which has been emphasized by the action of the business men universally along the Reading's lines, and by some of the most prominent and esteemed citizens and capitalists in the home of Reading, Philadelphia, where the bulk of its securities have always been and still are held, whose services as mediators and arbitrators have been tendered to, and refused by Reading's new and foreign president. This slight to the city of Philadelphia and to the business men of Pennsylvania, who have been thus brushed aside, together with the interests of those who had more at stake than he, and more than any one else, namely, the people who own, and the business men who use and support the road, was still more unfortunate. Reading's owners have been treated with little more consideration than its employes, while the interests of both have been subordinated to a New York syndicate.

ONE MONTH UNDER THE SYNDICATE.

This is the fruit, already borne, of the first month under this speculative syndicate's absolute control. The strike seems no nearer a settlement, except by arbitration, as first asked by the miners, and offered by Mr. Childs and Mr. Drexel, than it did a month ago. If Corbin yields now, what he refused then, he stands self-condemned for his course, in not yielding at first and avoiding this double loss to the railroad and coal and iron company, while he cannot shirk the responsibility of throwing away one-twelfth the year's profits, and of a big deficit in its place. If he persists, and the men refuse to return to work except at the old basis, he must equally take the responsibility of further seriously handicapping, if not crippling, the future of these properties, unless he can fall back upon the syndicate to share its losses as well as profits.

THE CLOUD OVER WALL STREET.

This anthracite strike and the serious financial effects that are among the possibilities, if not the certainties, of its continuance and extension, is now a bigger cloud over Wall street, and the financial horizon, than the granger railroad war or the tariff question, or the Treasury surplus disposition, now before Congress. It is this that has kept the stock market at sixes and sevens the past month, more than all other causes combined, although the Reading syndicate have protected that stock, so that the disastrous losses of the present troubles would not be seen in the value of Reading securities, whose fixed charges have been accruing for a month without anything to meet them. When we have said this, we have given the key to the course of the stock market for January, although the Gould stocks have furnished occasional diversions in the market, and indicated that he is unloading as fast as the market will take them. This course, during his absence abroad, is taken as an indication that he either sees breakers ahead, or, at least, nothing to encourage him to hold even his own stocks. This might be construed as the result of his belief that the days of dividends on his southwestern stocks are about numbered, and that he is preparing for a big fight with his chief rival, which has now nearly paralleled his southwestern system, namely, the Sante Fe, which secured its big loan to fight him with, in spite of his attempt to prevent it.

DECREASED RAILROAD EARNINGS.

But his Manhattan and other stocks, unaffected by the southwest fight, should not go off too, unless he foresees trouble nearer home in Wall street, as the result of the granger railroad paralleling, and of the coal troubles, and the decreased earnings of the roads of the country generally, which will be seriously short for January, on account of the blockade and increased expenses, as well as decreased

tonnage, owing to the light movement of grain to the seaboard, and light exports of everything but cotton and flour the past month. While the first causes are temporary, the last are not likely to prove so this year, as the surplus, even of a short crop, generally moves during the first half of the crop year, especially when farmers are poor, as now, and the railroads get about as much as usual to do then, but bear the bulk of the loss on the last half of the crop year, on which we have now entered.

THE FINANCIAL OUTLOOK

is, therefore, not as good as it was a month ago by so much as these causes have decreased the profits of the railroads, and will reduce their earnings from now on to another crop year. But the money situation may in a measure offset this, as that continues to improve, with increasing bank reserves and an easier money market. The railroad bond market has been better the past month than stocks, as people seemed less afraid to invest their January dividends in the former. In fact, they accepted the lesser of two evils and took bonds, as they must put their money somewhere. There has been a disposition to await the action of Congress on the tariff and financial questions, as there has been little to encourage speculation either way, and the public is out of the street, except for bonds. The upward turn in stocks just at the end of the month was simply a natural reaction after a prolonged dull heavy, drooping market, in which the Bears had been steadily putting out short lines until the market became too heavily oversold, as was shown by the fact that stocks generally, and the Granger and coal stocks in particular, were in better demand than money for loaning. Whether this artificial strength will bring in any outside buying, time must tell. If not, then there seems little to support the reaction after the shorts have covered.

The great falling off in railroad traffic and earnings for January, has been accompanied by an equal increase in their operating expenses, owing to the snow blockades, and the railroads will make a poor showing of net earnings for that month, which will have anything but a Bull influence on stock speculation. This, together with the losses of the coal roads by the strike, and the manufacturing interests that have been paralyzed or compelled to pay higher prices for coal, whose products have been bringing less, will have a depressing influence in both financial and industrial circles for months, and will materially reduce the next dividends of both manufacturing and transportation companies, unless they are paid out of previous earnings, which will that much reduce their surplus and weaken them financially. The month of January is therefore liable to prove the last straw on the speculative camel's

back that has been holding the big load of stocks, in pools, on loans from the banks, awaiting the public to come in and buy. This condition of affairs may invite the locking up of money by the Bears, to force calling of bank loans and the liquidation of the pools, should money tighten later on.

CONDITION OF THE BANKS AND MONEY MARKET.

The surplus reserve of the New York banks has continued to steadily increase, during the month, until it is now \$25,000,000 again, with the prospect of a further increase, unless Congress should require the Treasury to call in part, or all of its \$50,000,000 on deposit in the banks. This is scarcely probable, for reasons explained before. The other bugbear, also explained away in our last, namely a change in the tariff, has also ceased to act as a scarecrow, since an understanding is said to have been arrived at, by which a compromise, acceptable to most industries, will be adopted. The banks have now on deposit nearly half of the surplus in the United States Treasury; which, together with the heavy return flow of currency from the country to New York, especially from the South and Southwest, has sent the rates for money down to 2 and 3 per cent. for large amounts, while London has declined to $1\frac{1}{2}$ per cent. This latter fact gave the sterling exchange market an upward turn, after the middle of the month. But later the heavy offerings of bankers' bills, against the foreign purchases of bonds, drove rates down lower than before.

CAUSES OF THE ACTIVITY IN BONDS.

The buying of bonds, however, was not confined to the reinvestment of January dividends on our own securities. London, Berlin, Amsterdam and Frankfort were heavy buyers of our railway bonds, and the pools which have been formed to take most of the new issues that have been put on our markets the past few months, were able to dispose of their holdings at private sale, and the business on the Stock Exchange did not represent half the actual transactions on the Street during the latter half of the month. The occasion of this heavy foreign buying, is the fact that European railroad securities are not paying, on the market price, over 3 to 4 per cent. for the common and preferred shares respectively. Last year this surplus foreign capital, especially that of England, was invested in South American railroad securities, chiefly those of the Argentine Republic, which has been guaranteeing too many railway schemes for its own safety; and even English investors, are getting afraid of them, and prefer Brother Jonathan's bonds, even after all the shocks to investors' confidence, given by our railroad managers and courts, in destroying the once sacred inviolability of a first mortgage bond. Since the ease in the money

market, and the falling of the interest rate below that of Government bonds, the demand for the latter, from the banks, to deposit with the Treasury in exchange for Government moneys, has ceased, and the price of these bonds has declined, while railroad bonds, with higher rates of interest, have advanced.

THE COMMERCIAL SITUATION.

The blizzards in the West and Northwest, and the cold waves that have followed one another in quick succession all over the country during nearly the entire month of January, have almost paralyzed business in many sections, while they have produced a more or less general blockade in the exchange and transportation of merchandise everywhere; merchants and manufacturers have suffered almost equally with the railroads and transportation companies, and neither are yet free from the effects of this general interruption of business.

The continued dullness in our export trade in produce has given the Bears the advantage in the markets for our great agricultural staples, and they have generally been declining, all the month, without any severe breaks in prices, although they have yielded to severe Bear attacks in the absence of anything new in the shape of Bull influences. These conditions have been seized upon by big operators, who were on the wrong side of these markets in the December boom, to "shake out" the holders of these products, who made all the money last fall, and they have been able to raid prices down quite materially at the speculative centers, although the interior prices to the farmers are about the top still, and are not likely to be broken, as the supply back in the farmers' hands is so small, of nearly all the crops, all of which were materially short last year, that they will not yet part with the balance at any lower prices than those received last fall, if for the same. Hence, if they will not come down, the speculators will have to come up, when the present small stocks of nearly all these export staples at the speculative centers are exhausted by home wants, as they will be, before another crop, even if we export no more than we are now doing. While stocks are, therefore, liable to go lower, produce values are more than likely to go higher than last December, although the Bears have since succeeded in getting pork down about \$2 per barrel; lard 1c. per pound, or about half the fall advance; wheat about 6c.; corn 6c.; and other speculative articles in proportion. With their leaders, thus turned Bears, the crowd of Bulls of last December, who were getting so wild as to endanger the strength of the situation by putting prices too high, have now turned as Bearish as they were Bullish then, and have averted that danger. We have now entered the second half

of the crop year, when the shortage will soon begin to be seen and felt; and there is likely to be another change in speculative sentiment, as sudden and radical as the last, some time before we reach another crop. This tendency is already seen in wheat, which is so scarce, either from exhaustion of the crop, or the general refusal of farmers to sell, under \$1, that Ohio and Indiana flour mills are actually closing for want of wheat to run, even at 90 to 93 cents per bushel, at the mills, for the same grade that is selling in New York at 89c. with fully 10c. per bushel freight from those mills to this market. Provisions are in much the same shape as wheat, for the packers, who have been short of hog products, have had to buy the hogs, to make the stuff they had sold, even at higher prices than they sold the manufactured article, until they are losing 40 to 60 cents per head on every hog they are packing.

THE INDUSTRIAL SITUATION.

The manufacturing interests, and especially the iron industries throughout the Schuylkill coal regions, have suffered as severely from the Reading strike, and the consequent scarcity and high price of coal, as the commercial interests of the whole country, and especially as those of the West and Northwest, have done from the extreme cold weather and the snow blockade of the railways of the East and West. Many manufacturers, as well as railroads, have been using bituminous coal in place of anthracite since the strike, and in this way the stoppage and loss have been less than they otherwise would have been. But the delay, and the cost of making the change, together with the advance in coal, have eaten into the small margin of profit on which many of our industries was running. This has hastened the question of a reduction in wages in the iron trades, and delayed that of an advance in the cotton mills East. Hence, local strikes of both classes of employes have occurred the past month, that have still further curtailed production, and reduced profits and earnings, while these conditions last.

BUSINESS PROSPECTS FOR FEBRUARY.

Under all the foregoing circumstances it is impossible to discover very bright prospects for the coming month, although there will no doubt be renewed activity in all kinds of business so soon as the cold weather abates, and the transportation blockade is raised. But it will take all February to make good the losses of January in those branches of business which have been embargoed, while the increased business of the railroads will have to be done under the usual disadvantage of half profit when rushed, as their business was halved in January and expenses doubled.

The export trade, which can scarcely be less than for January,

is likely to improve in February, as Europe is short of her average supplies, as we are, and must have a good deal from us to carry her to new crops. Imports are falling off, and thus keeping the balance of trade about as before, with the prospect of its gaining a little in our favor for the remainder of the fiscal year. Commercial as well as financial and industrial affairs are, otherwise than above noted, in a healthy condition; and, after both the causes and effects of these January losses are removed, business prospects remain as good as a year ago.

FINANCIAL FACTS AND OPINIONS.

State Finances.—The messages of the Governors and the reports of the financial officers of the States reveal the pleasing fact that State indebtedness is becoming a thing of the past. The debt of New York, deducting the money in the Treasury, is nearly canceled. The same is true of the debt of Ohio, Michigan, and of some of the other States. In Pennsylvania, the figures are small, and in two or three years more the debts of many will cease to exist. It is a cause for rejoicing that the States are not to be much longer in the great army of debtors. Our chief burdens now, apart from the national debt, are of a municipal character. Many of the towns in the East, which were heavy debtors at the close of the war, have sought to reduce their indebtedness, and have been very successful; but the cities have been adding to their indebtedness at a tremendous rate. Within the last four or five years, some of them have changed their policy and have begun the policy of debt-reduction. Among these, Philadelphia is one of the most noteworthy. Measured by the amount of wealth, the debts in all of our larger cities seem small; but, nevertheless, the figures are by no means pleasant to contemplate. In some of the States, wise restrictions have been placed on increasing municipal indebtedness, which are having a good effect. Indeed, the temper of the people seems to be more favorably inclined toward debt-reduction everywhere. The example set by the States should be everywhere followed. One of the good effects of paying the State debts will be that they can afford in many cases to make a larger outlay for needed State institutions, prisons and charities of various kinds, as well as for sustaining State education. It is hoped that the relief obtained from the discharge of their burdens will be considered in this light. All of the States are, as it were, in their infancy, and much remains to be done in the way of State improvements, which would contribute greatly to the general well-being.

Shall We Have a Government Telegraph?—This question has been started once more. It may be well to recount the experience of the English Government in conducting this business, as illustrated by the following figures:

Year Ending March 31.	Receipts.	Expenditures.		Total Expenses.	Interest on Capital.	Deficit.
		By Telegraph Departments.	By Other Departments.			
1881.....	£1,633,887	£1,242,092	£66,362	£1,308,454	£326,417	£984
1882.....	1,654,390	1,365,632	74,866	1,440,498	326,417	112,525
1883.....	1,768,070	1,504,204	79,673	1,583,877	326,417	142,224
1884.....	1,789,223	1,709,644	99,276	1,808,920	326,417	346,114
1885.....	1,784,414	1,731,040	89,724	1,820,764	326,417	362,767
1886.....	1,787,264	1,733,104	93,297	1,832,401	326,417	371,554
1887.....	1,887,224	1,939,768	90,879	2,030,647	326,417	459,840

This is not very cheerful reading for those optimistic individuals who imagine that the Government can conduct the business with economy. It must be said, though, that the English lines were purchased at an enormous cost, and it does not follow that if our Government should conclude to engage in the telegraph business that it would be necessary to buy the Western Union at the present inflated figures. Two policies are open, either to take the lines of that company at an honest valuation, or to erect a new plant throughout the country. Probably our Government would not make such a mess as the English Postal Department has done, for its experience should be worth something to us, not only in purchasing, but in future management. Yet it is a very grave question, not, perhaps, so grave from a pecuniary point of view as from others. In the first place, would there be any secrecy to the business if conducted by the Government? Would friend and foe be served with similar promptitude? One can readily see that this is an enormous power to trust to a Government; and while civil service remains a kind of misnomer—a thing desired but not realized—it seems a very doubtful function for the Government to assume. Were civil service firmly established; did we know that all good officers and assistants would be kept in their places regardless of politics, there would be less danger in trying the experiment. The post-office has always been safely enough managed, but then the telegraph is a check; and it is something of a question whether the secrecy of the mails would have been as efficiently preserved if no telegraph system had existed. The question is a great one, and will not down very soon at any one's bidding. Very likely the Government will manage the business in the end; but not until after long discussion.

The Saturday Half-Holiday Act.—This experiment is about to die. It never had any merit. Mr. Paine, the Superintendent of

Banking, very well remarks, concerning the operation of the law: "An observance of the proposed custom by banks in the interior of the State would seriously hamper all kinds of business. In the country Saturday is the day which has, from natural causes, become the trading time of the farmers, and the villages are then crowded; laborers also on that day usually receive their weekly wages, and purchase most of their supplies. If a bank is of use to these people at any time it is decidedly so on Saturday. At that period the checks scattered through the week come pouring in and the demand for banking facilities is greater than on any other day of the week. To close the doors of the banks at noon on Saturday is to check the stream at the flood. While that day is the heavy one outside of the banks, Monday is the heavy one inside, for on that day the banks have the remittances of their customers together with their own correspondence, which has accumulated on Sunday, added to their transactions; the present law makes the business of this heavy day with banks much heavier. It is the prevailing opinion among New York city banks that the present law is antagonistic to the commercial interests of that city and the State as well. In the competition between the great cities of the East for trade, it is believed that it places the metropolis, the money center of the nation, at a disadvantage. It can hardly be claimed that the amelioration of the condition of clerks in the public offices of this State is of sufficient importance to justify the introduction of the new and perilous elements in this commonwealth which have now to be considered whenever financial credits are used." Before the law was enacted, the banks endeavored to close as early as practicable, and no law was needed to quicken the energies of any one in order to complete the business of the day sooner.

Authority to Buy Bonds.—Although the existing law seems clear enough to most persons, the Secretary of the Treasury has manifested a doubt of his power to make purchases thereunder. A bill, therefore, has been introduced to settle the question. It should be pressed to a speedy conclusion. It is important especially for the depository banks to know whether the Government is or is not authorized to become a purchaser of bonds if an exigency should arise; second, that the possibility of the failure of revenue reduction, and the certainty of rapid surplus accumulation, make the question important to all interests, whether the Treasury is empowered, in case of necessity, to enter the market as a bond-buyer, and thus reduce its surplus.

Bank Note Circulation.—In a recent number of *The Independent*, Mr. Knox, president of the Bank of the Republic, says: "A bill,

which was considered by the last Congress, has already again been introduced into the present Congress, authorizing the reduction of the minimum amount of bonds required to be held by the smaller banks as security for circulation, to one-tenth of the capital. This is a good measure, and it will without doubt become a law. National banks, particularly in the West and South, should not be required to purchase an unreasonable amount of Government bonds, and to hold them at a loss, as banks organizing under the National Bank law are now required to do. The measure is an excellent one, and we trust it will pass if it can be united with another bill like that which has just been reported from the Banking and Currency Committee."

Bank Examinations.—In the last report of the Superintendent of Banking for New York, Mr. Paine has added some excellent remarks on the above subject, from which we extract the following: "It must not be forgotten that directors, and not the examiners, are the guardians of a bank; they are the agents of the stockholders, and as such are responsible for the management. Between the visits of the examiner a bank may be eviscerated, and in such case no responsibility can attach to him. Shareholders are oftentimes practically indifferent to the qualifications of those of their number whom they elect to act as directors, who are frequently ignorant of the details of the business they have undertaken to protect. No one will contend that any system of espionage can prevent failures, but examinations are of incalculable value, because, outside of the specific faults of management which may be detected, and which officers sometimes unconsciously make, the examiner's report will indicate whether the bank's general management is contrary to the methods which experience has shown to be wise. An examination occasionally discloses a critical condition of affairs in time to prevent a failure. It is said by way of illustration, that the contest between an examiner and a bank officer, the one to discover and the other to conceal, is like the rivalry which exists between safe makers and burglars, or between the makers of large guns and the designers or manufacturers of armor; but these are not altogether parallel cases, for the reason that the examiner has such familiarity with the methods of wrong doers that against his penetration it is almost impossible to continuously guard. The efficiency of examinations is shown in the progress of the savings banks of this State. Fifteen years ago the present system of biennial examinations of those corporations was established. Slowly, but surely, the inferior institutions have been weeded out, errors in the management of others have been corrected, and at no time

have they had the confidence of the people more completely than at present."

New York City Taxation.—Mayor Hewitt, in his last address, dwelt at some length on the folly of continuing the present system of taxing the evidences of personal property. He says: "This tax is notoriously impossible of collection in this city. It is doubtful whether one-fifth of the total amount which ought to be collected if the law could be enforced actually reaches the Treasury. Those who ought to pay the most part of it pay the least, while the humble citizen who is unable to 'fix up' his statements is subjected to the full amount of lawful taxation. The estates of widows and orphans and wards in chancery pay the full amount of taxation required by law, although, in most cases, it can be least afforded, while 'bloated' capitalists either entirely escape taxation or compromise for a very inadequate sum. This condition of affairs is scandalous. It cannot be continued without subjecting property to attacks which seem to be founded in justice, and which produce very great dissatisfaction in the public mind." Perhaps it is not needful to remind our readers of such facts; the absurdity of the system is so great that it ought long ago to have been abolished. It seems singular that in a country so enlightened as ours we should stick to a system that yields so much deception and so little income. It must be that, with the growing intelligence on this subject, the State Legislatures are ripening for rational legislation on this subject.

Recovery of the National Domain.—Only a few years ago there was an American desert which covered a large space on our maps, and which it was supposed would always remain desert land. Of late years, however, it has been retreating. It has been found that as the settler approached and turned over the soil, that the rain was absorbed instead of running off rapidly, as happened so long as the earth remained parched and barren. Says General Morrow, who has an accurate knowledge of the changes that have occurred:

"I have always thought that there was an abundance of moisture in the clouds of this interior section of the country, but that conditions favorable to its precipitation in the form of dew and rain were wanting. The earth and the sky are reciprocal in their relations. They give to and take from each other. A parched desert, having nothing to give in return, receives no moisture from the passing clouds. For countless ages these prairies have been scorched by fires, pelted by storms of rain and hail, and trampled upon by innumerable herds of wild animals. The effect of this has been to pack the earth until it has become as compact as a rock. The forcing or heating power of rain and hail is far greater than the ordinary observer comprehends. When the rain falls on a primitive soil the larger part of it runs off in torrents and finds its

way to the sea. The baked, storm-beaten and trampled earth, like a sick man, refuses its nourishment. Beyond doubt this is the reason why you have so many physical proofs around you of enormous devastations committed by running water. When the land is tilled this will cease. Cultivated ground absorbs a large portion of the water that falls upon it, and retains it like a sponge. It thus becomes a reservoir of moisture for the nourishment of crops in seasons of drought. The turning over of the soil in large tracts of country presents to the atmosphere a vast absorbing surface. The soil gives this absorbed moisture slowly back to the atmosphere by evaporation. Thus, year by year, as cultivation of the soil is extended, more of the rain that falls is absorbed, to be given off by evaporation or to remain in store to nourish plants and grasses."

The New York *Times* says that "a settler in Nebraska, living near the ninety-eighth meridian, declares that land in the central part of the State which now yields heavy crops was regarded as a desert twelve years ago. It was then difficult to raise hay even on small patches of ground in the valleys; but now, in the same region, the farmers easily cut two tons from an acre. Hills that were then almost covered with barren sands, showing scarcely a blade of grass, now support thousands of cattle. As late as 1878, it is said, no water above ground could be found between Beaver and Cedar Creeks, just west of the ninety-eighth meridian. Now it is reported that region and a stretch of country for 100 miles to the northwest are dotted with shallow ponds varying from an acre to five acres in extent, around which excellent grazing is found. A few years ago settlers on the ninety-eighth meridian in Nebraska supposed that they had reached the western limit of corn culture, but since those days corn has been shipped from a region 100 miles westward." By this simple process, therefore, of fitting the ground to receive moisture, the area of land capable of cultivation has been stretched westward beyond the State of Nebraska. It is therefore seen that by continuing the same processes of cultivating the land in the region of the desert, in a few years at most it will wholly disappear.

Investment of the Redemption Fund.—Senator Sherman has introduced the following bill to secure the investment in bonds of the funds held by the Treasury for bank note redemption:

"That the Secretary of the Treasury is hereby authorized and directed from time to time to invest not exceeding eighty per centum of the fund held in the Treasury for redemption of notes of national banks 'failed,' 'in liquidation,' and 'reducing circulation,' by the purchase in open market of any bonds of the United States bearing interest. That whenever the money on hand to the credit of said fund shall fall below twenty per centum of the fund deposited, the Secretary of the Treasury is hereby authorized and directed, from time to time, to sell in open market any portion of the bonds purchased for said fund, as may be necessary in his opinion to enable him to pay as presented any notes of national

banks for the redemption of which said fund is held. The purpose of this section being to maintain in the Treasury for such redemption not less than twenty per centum and not exceeding thirty per centum of the money deposited. That any national bank now authorized or hereafter authorized to issue ninety per centum of the bonds deposited by it as security for circulating notes shall, after the passage of this act, be authorized to issue circulating notes to the amount of one hundred per centum of the par value of the bonds so deposited."

A bill involving the same policy, introduced by Mr. Dingley in the Forty-ninth Congress, and again in the new house, has been referred to the Treasury Department for criticism. With regard to banks "failed," "in liquidation" and renewing circulation in consequence of extensions of charter, the objections are of a practical nature. With respect to the remaining portion of the fund, the question is raised, first, whether it is wise to cause an expansion of this kind, which must inevitably lead to a corresponding contraction; and second, whether the contemplated purchases and forced sales of Government bonds do not involve serious disturbance of financial conditions already too much complicated by the artificial and unfortunate interference of Treasury operations, and whether conditions are not possible under which they would be seriously embarrassing.

Abolition of Days of Grace.—In the report of Mr. Paine, Superintendent of Banking in New York, he says: "The bill before the last Legislature to abolish days of grace was defeated in the Assembly, a majority of all the members elected not voting, and three-fifths being present. The vote was, however, fifty-six ayes to forty-one noes. It is reasonably certain that the business world has outgrown the time when days of grace are necessary, and the question arises whether the continuance of the custom is desirable. In the State of California they have been abolished by statute. The universal use of the telegraph, the introduction of telephones, and the present perfected condition of the postal service have created different conditions in the transaction of business from those that obtained when the custom originated. Upon the other side it may be alleged that the abolition of the custom would be a source of expense and annoyance for a considerable period. If such a statute be adopted, it should not take effect until a considerable length of time after its enactment." We hope the present Legislature will abolish this custom, which long ago ceased to stand on the solid reasons which were beneath it in the beginning. Its continuance only impedes business, and the sooner it is abolished the better.

George Walker, who died at Washington last month, was a familiar and valued contributor of the *BANKER'S MAGAZINE*. Some

of the most noteworthy articles that are to be found in its volumes are from his pen. He was a wide reader, a strong and clear thinker, and whatever he wrote was thoroughly matured. Besides, he had an intimate knowledge of business, which served to broaden his judgment, and to secure him from error. He was born in Peterborough, New Hampshire, and was graduated from Dartmouth College in 1842. He practiced law in Springfield, Mass., from 1847 to 1875, and during that period was at various times elected a member of the State Legislature. He was also at one time engaged in banking in New York, and held for several years the position of State Bank Commissioner of Massachusetts. In 1880 he was appointed by President Hayes Consul-General in Paris, which office he resigned only a few months ago.

Southern Prosperity.—It is cheering to read such good accounts as frequently appear of Southern prosperity. Once the Southerner risked all on the cotton crop. Now, he is not only manufacturing it into cotton, but developing the mineral resources of the country engaging in timber production, cotton seed oil, and a great variety of enterprises. Says the *St. Louis Republican*:

"Georgia and Alabama are now enjoying a boom, but Texas and Arkansas have been booming steadily for the past ten years. There is no State in the Union that has made such rapid progress in the development of its immense resources as Texas. The population of the State has more than trebled in twelve years. In 1870 Texas had only 800,000 inhabitants. Now the population of the State is over 2,600,000. Ten years ago there were only 2,000,000 acres of land in cultivation; now there are over 20,000,000 acres responding to the touch of the husbandman. A dozen years ago Texas had less than a thousand miles of railroad; now there are 7,000 miles of railroad in operation in the State. The mountains and hills of Eastern Texas are as rich in iron ore as the mountains of Alabama, and excellent coal has been found in unlimited quantities in several sections of Texas. The neighboring State of Arkansas, too, is pushing rapidly to the front. Its great agricultural, mineral and timber resources are in course of development, its population is rapidly increasing, and foreign capital is seeking investment in its industries. The familiar picture of the 'Arkansas Traveler' would no longer be recognized in the Toothpick State. The present generation of Arkansans are workers rather than fiddlers, and such bustling cities as Little Rock, Pine Bluff, and Fort Smith are monuments to the enterprise and progress of the people of the State. Of course, Arkansas cannot rival the young giant on the southwest of her, but she can fairly stand up for inspection as to the work of the past ten years with any State in the Union."

Gold and Silver Production in 1887.—John J. Valentine, Vice-President and General Manager of Wells, Fargo & Company's Express, has issued his annual report of the precious metals product of the United States and Mexico. The product of these metals in the States and Territories west of the Missouri River (including British Columbia and receipts by express from the west coast States of Mexico) during 1887

aggregated : Gold, \$33,074,022 ; silver, \$51,578,118. The total bullion product of California for 1887 is placed at \$13,662,923, of which \$11,836,957 was gold-dust and bullion, and \$1,825,966 was silver bullion, ores and base bullion. The product of Nevada for 1887 is given at \$10,232,453, of which \$2,590,962 was gold-dust and bullion, \$5,355,647 was silver bullion and \$2,285,844 was ores and base bullion. The product of Arizona for 1887 is given at \$5,771,550, of which \$880,545 was gold-dust and bullion, \$1,073,985 was silver bullion, and \$3,817,000 was ores and base bullion. The total yield of the other States, Territories, etc., is given as follows : Oregon, \$950,000 ; Washington, \$160,000 ; Alaska, \$609,000 ; Idaho, \$8,240,000 ; Montana, \$25,483,275 ; Utah, \$7,637,730 ; Colorado, \$23,293,000 ; New Mexico, \$4,229,434 ; Dakota, \$3,058,603 ; west coast States of Mexico, \$762,035 ; British Columbia, \$556,154. The United States production of gold and silver is given as follows : The aggregate gold product in 1887 is placed at \$32,500,067, against \$29,561,424 in 1886, and is the largest of any year since 1880, when \$32,559,067 was produced. The total silver product is given at \$50,833,844, which, with the exception of the \$52,136,851 produced in 1886, is the largest ever known in the sections named. In addition to this, the value of the copper and lead production west of the Missouri is given as copper, \$10,362,476 ; lead, \$9,631,073, but the basis of valuation is not stated in the dispatch.

GOLD PRODUCTION IN THE WORLD.

One of the elements affecting prices to an indefinable extent is the quantity of precious metals in the world. Many persons have tried to measure this force, but it is one of the most subtle questions ever investigated. All sorts of answers have been given, and the question is no nearer solution than in the beginning. Within a few months several papers have appeared respecting the probable future production. One of these was written by Mr. Topley, which was read at the British Association. His conclusions were: (1) that the abundant supply of gold since 1850, and of silver in quite recent years, is not likely to be continued, that supply having arisen from the working of alluvial deposits and "bonanzas," which, as far as our knowledge goes, have been exhausted, or nearly so, and gold and silver being now obtainable only from mining operations proper, where the results are more or less steady and calculable ; (2) that, according to the best calculations possible, the production of gold is likely to remain at the present level, or not to increase much, and the production of silver is more likely to diminish than to increase at present prices, and will probably diminish with a fall in price ; and (3) that the only thing likely to make the actual facts of the future vary from these anticipations is discovery in some new and unexplored region, for which there is now little room.

We do not agree with this writer respecting the probable pro

duction of the yellow metal. Perhaps the richer placer mines have been discovered and been worked out, but even this statement needs qualification. The earth's surface has not been worked over; except in a few places where it is the most thickly settled, its mineral wealth has not been ascertained. Only a small portion of the face of the earth has been seen, and even in the oldest and most thickly settled portions a new vein of ore is occasionally discovered. This is especially true of gold and silver. As we all know, their existence is coexistent with the great mountain chains of the globe. These have been explored only here and there. Take, for example, the South African gold fields. They are growing in importance daily, and the indications are that a large amount of gold is to come from that region. What shall be said concerning other parts of that great continent? Its great mountain chains have been seen only from afar. It is true that operations in India have proved unsatisfactory; but is it not just as likely that gold may be found all through the Himalayan range as through the ranges on the Pacific? The finding of gold in small quantities at the base of all mountain chains is proof that gold is in them. Mr. Swineford, the Governor of Alaska, a very competent observer, is confident that large quantities of gold exist in Alaska. It is true that gold discoveries are reported daily which come to naught. Nevertheless, in many of these cases a residuum of truth is at the bottom of them. There is some gold, which is evidence that it is only a portion of a larger body whence it came. Within half a dozen years gold in varying quantities has been discovered in many of the Pacific Islands, while in Australia and New Zealand mining is constant and is very profitable. Indeed, with better appliances for mining gold, with constant prospecting, and a better knowledge of the earth, is not the conclusion far more rational that other discoveries will be made? Such, it seems to us, is the plain teaching of all the discoveries that have been made of late years. While many of them seem to be of little account, they contain promise of others, and there is no more reason for supposing that the richest treasures have been discovered than there was for supposing this fifty years ago. Who then knew of California or Australia? Who knows the possibilities of Central Africa or Alaska?

PRODUCE VALUES AND SPECULATION.

Since the short crop year of 1881, and the speculation that followed it, the produce markets of the country have not been in so strong position, from both a statistical and speculative standpoint, as they are this year. Indeed, the strength of these markets has changed the speculator from the constitutional Bear of the past four years to the old-time Bull of 1879-82. The parallel between the present and the last previous short crop year, however, does not end here; and it is not too soon to call attention to the fact that the tendency to extravagant Bull estimates and anticipations has already fostered a spirit of wild and reckless speculation, such as we saw in these markets last December, and such as overdid and destroyed the strength of a stronger statistical situation in 1882, than that which now exists. There is a radical difference, however, in the present position, in the fact that we entered this crop year from a very depressed level of values, which was as far below, as that upon which the short crop of 1881 was begun, was above, an average of the prices of our chief staples of produce, in which speculation had been a factor, establishing their values.

This is the great argument of the Bulls, and it cannot be denied that it is a strong one. But there are other radical differences, on the other hand which, in part, counteract its strength. The average of prices has been materially reduced since 1881, and permanently, with the great extension of railway transportation by land, and steam transportation by water the world over, until all countries are now brought into quicker and cheaper communication with each other, by which the surplus of one is made immediately available to supply the deficit of another, and enables the importing countries of the Northern Hemisphere to draw upon the exporting countries of the Southern Hemisphere as readily as upon those north of the equator. This gives Europe a new crop to rely upon every three months of the year, or four crops, instead of two--the winter and spring crop of the Northern Hemisphere--as formerly. India, Australia, and South America have thus entered the list of our competitors for the produce and meat markets of Europe, which, with cheap lands and labor, fertile soil and more equable climate, are able to produce cheaper than North America, and will be able to still further reduce present cost by the general introduction of labor-saving machinery, of which the United States had almost a monopoly, for agricultural purposes, up to 1884, when the declining prices of farm products stimulated its wholesale introduction to other competing countries for the first time, in order to enable them to compete with us.

Until this revolution in the production and transportation of competing countries has become as complete as in the United States, and farm machinery and railroad freights as cheap, we will continue to hold some advantage over them in the produce markets of the world, by reason of the lead we have secured in these directions. But it is only a question of time when they will overtake us. While, therefore, the level of values is now abnormally and probably unnaturally low, for the time being, by reason of a shorter supply the world over, yet the tendency is still to cheapen the cost of production, unless it shall prove that the present reduction of the world's supplies of produce are due to the fact that the prices of the past two years have not covered cost, and hence this reduction is permanent until prices shall again be restored to true values and give a profit to the producer.

Should this be demonstrated, as the Bulls claim it has already been, and another crop fail to increase the world's production, which, for two years, has steadily fallen off until it threatened to drop below the world's consumption, then we may assume with safety that this downward tendency in prices of produce has been permanently arrested, and look for a higher level of values that must, to be permanent, return the producer a profit. But not till another average crop year has demonstrated this fact, will it be safe to assume that we are to raise the recent average of prices materially and permanently.

The statistical strength of the present situation, therefore, rests upon the supply and demand for the current crop year. The oversupply that followed the extreme high prices to which speculation forced all our produce markets in 1881-'82 was only worked off last year, when consumption had overtaken production, by reason of extreme low prices, and stocks the world over were reduced to the normal reserves, or less. Then came the drought of last summer, which reduced below the late average, the crops of this year, in both the old and new worlds. All countries entered this crop year, therefore, with comparatively empty granaries, and this year's consumption must come out of this year's crops, as it has practically no surplus from last, to draw upon, without using up the minimum reserves from the old crop year. Such a scarcity as that would produce would enable speculators to corner these markets, and to send prices as dangerously high again as in 1881-'82, to be followed by another over-production and depression such as we have happily just escaped.

Here lies the strength of the situation from a statistical standpoint, and also the danger from another speculative craze, like that of '81. Hence the necessity of conservatism in these markets, and, while prices have by no means reached a dangerous height, and in

fact still seem low compared with all former experiences, it is too early in the first half of the crop year to discount the last half; and, by checking consumption or exports, during the former period, force or tempt Europe to wait till the latter, and until another crop from the Southern Hemisphere is available, when we would be left with a surplus on hand, for which we would be compelled to seek a market, at a price made by India, Australia, and South America, instead of by American speculators.

This is the danger of the position of the grain markets, at least, for our exports are abnormally low, as they have been, so far on this crop, even at prices which started about ten cents per bushel below present ones on wheat; nearly twenty cents lower on corn; pretty nearly ten cents on oats, and correspondingly on flour; while pork has advanced over three dollars per barrel, lard almost two cents per pound, and meats in the same proportion. Cotton, our other chief export staple, while it has also advanced as much in proportion, has been exported more freely than ever before, so that it must be excepted in this respect from the position of our other export staples, although there is the danger here also, that speculation may make a long crop of what has recently been regarded as a short one.

In view of this condition of our export trade, which is the great argument of the Bears, and will prove stronger than the Bulls' statistical position, unless there is a change for the better early in the new year, it would be wisdom, on the part of the Bull leaders, to discourage the public, which has been in these markets for the first time since 1882-83, when it got so badly hurt as to be unable to speculate since, from forcing prices up further now, but to wait and hold the markets steady, by buying on the "breaks," and selling on the "bulges," until Europe has worked off the recent large arrivals of Russian, which were hurried forward from the Black Sea before the close of navigation, in order to relieve Western Europe of complete dependence upon America, until India's next crop could be drawn upon; and until the large shipments of Californian following the collapse of the San Francisco wheat corner, have been placed, and taken off the European markets. This is likely to take until February, and possibly till into March; after which, and until into June, Europe will be practically dependent upon this country, and largely on the Atlantic coast for her supplies, except what may be left of the Russian crop to come from the Black and Baltic Seas after the opening of navigation in April.

This is the situation; and the handle of the jug is not all on the Bulls' side; yet if they will pursue a conservative course now, and let the bulk of our surplus go into export at the best prices

they can obtain, of course, before they attempt to force the position, they will find their load much easier to carry, and their efforts will doubtless be rewarded by a good profit, on a safe and gradually ascending scale of prices till the new crop. Meantime, any damage to that will only help them. They are now masters of the situation. But any premature attempt to force their advantage might lose them the key of the position.

The further we go into the last half of the crop year, if the market is allowed to take its own course, the stronger the statistical position will grow, and thus favor the Bulls against the Bears, for the strength is in this crop, independent of the next, upon supply and demand. Anything that reduces the former and increases the latter will help the Bulls. On the other hand, anything that checks consumption or exports, and thus increases our local supplies, will help the Bears. The Bulls should not, therefore, play into their opponents' hands by doing the latter. Neither would it be wise for the Bears to force prices down from their natural level, as the big Chicago operators have been trying to do twice the new year, for there is no more than is wanted to go around this crop at fair living prices to the farmer, and any attempt to raid the markets will only be playing into the hands of the Bulls.

Besides, Europe will take our wheat, when she needs it, at these prices, as readily as at ten cents decline, unless she gets the idea it is held by manipulation, when she will wait, as she so often has done, until she breaks the backs of the manipulators. On the other hand, she is proverbially a better buyer on a legitimately advancing market than on a declining one, for the evident reason that on a legitimate and gradual advance there is a profit on purchases, while on passage to the other side, no matter how high the price; while on a declining market there is a loss on passage, no matter how cheap the price may be here. Nothing would be more fatal to our export trade, therefore, than for Europe to believe that our prices are held by speculators who must eventually liquidate, and for which she would wait until they were compelled to do so, unless starved into buying before.

H. A. PIERCE.



THE PUBLIC DEBTS OF EUROPE.

BY ALFRED NEYMARCK, MEMBER OF THE SOCIETY OF POLITICAL
ECONOMY OF PARIS.*

XXVIII.—RUSSIA, *continued*.

The terminable debt comprises, further, long-dated treasury bonds, called bonds in series, of which 265,000,000 of credit rubles are now in circulation. These are bills for 100 rubles, bearing 4.32 per cent. interest a year, or 0.36 a month. They were issued in series, redeemable at par at the end of eight years. The treasury takes them at par, plus 0.36 copecks a month for the time since the last coupon was detached. The series redeemed are immediately replaced by others, so that the total of this kind of debt is permanent, and it may be classed with the consolidated debt.

The lottery loans are two in number. They were issued in 1864 and 1866. They have an annual drawing for amortization, distinct from the drawings for prizes. Their duration is 60 years. They will consequently be entirely redeemed in 1925 and 1926, respectively.

The amortization of most of the terminable loans is operated by means of annual drawings; but there are some, as the oriental loans (5 per cent. loans in credit rubles, of 1877, 1878, and 1879), whose securities are redeemed by purchase on the Bourse as long as their price has not reached par, which has been the case thus far.

The unlimited terminable loans are those of which the government reserves the right of redeeming the capital, but is not obliged to do so within any fixed time. Most of these loans have special sinking funds, for which credits are granted according to the years, or which are suspended if necessary. The old 5 per cent. loans of 1820 to 1855, the 3 per cent. loan of 1859, etc., are in this kind.

In 1866, according to the *Journal of the Statistical Society* (year 1867, p. 119), the nominal capital of Russia's debt was estimated at 6,883,278,076, requiring for interest and redemption 257,334,336 francs. The increase of the nominal capital of the debt from 1866 to 1885 exceeds eleven milliards, and in annual interest 780,000,000.

* Translated from the French by O. A. Bierstadt.

RUSSIAN LOANS QUOTED ON THE BOURSE OF PARIS.

<i>Name of Loans.</i>	<i>Price.</i>	<i>Revenue. Per cent.</i>	<i>Redemp- tion.</i>	<i>Rate of in- terest, pr. ct.</i>	<i>Number of Negotiable Securities.</i>	<i>Period of Amorti- sation.</i>	<i>Time of Drawings.</i>
5 per cent., 1862	96½	5		90.	15,000,000 of pounds st.	.....	....
4 " 1867	86.50	4	Par	61.50	600,000	1868-1950	Aug.
4 " 1867	86.50	4	"	63.50	555,000	1870-1951	"
5 " 1870	100½	5	"	80	12,000,000 "	1871-1951	Feb.
5 " 1873	95.	5	"	93	15,000,000 "	1871-1953	Dec.
4½ " 1875	88¾	4½	"	92½	15,000,000 "	1876-1956	April
5 " 1877	98.25	5	"	79.60	375,000,000 of francs.	1878-1914	"
5 " 1878	83.	5	"	93	300,000,000 of rubles.	1878-1927	....
5 " 1879	82.40	5	"	90½	300,000,000 "	1879-1928	....
4 " 1880	82.20	4	"	....	150,000,000 "	1 81-1960	May
5 " 1881	110.	5	"	92.25	100,000,000 "	1882-1919	....
6 " gold 1883	109.	6	"	....	50,000,000 "	.....	....
5 " 1884	96.	5	"	90¼	15,000,000 of pounds st.	1885-1965	Nov.

By consulting this table, it will be seen that since 1870 the Russian loans quoted on the Bourse of Paris are ten in number, representing, both in pounds sterling and rubles, a nominal capital of 5,400,000,000 francs. With the exception of the loans of 1870 and 1873, amounting to a total of 27,000,000 pounds sterling, or 675,000,000 francs, it may be said that the surplus, or nearly five milliards, has been expended upon the preparations and consequences of the Oriental War.

The financial situation of Russia—whatever may be the richness and productivity of the country, as shown by the increase of budgetary receipts since 1870—an increase balancing the expenditures—is therefore very much burdened. To lighten the load of debt various plans for conversion have often been discussed, in consequence of the great rise produced in Russian securities, at the end of 1884. The gradual successive conversion of the metallic loans into perpetual 4 per cents. was considered, as well as the conversion of all the paper loans into metallic securities, and the reduction of the entire Russian consolidated debt to two kinds, bearing the same rate of interest, the one a metallic security, the other a paper security, in imitation of the Austrian funds.

The political complications, the war rumors of the last eighteen months, the depreciation of the paper ruble, and also the fiscal measure of taxing the coupons, have quite put an end to the probabilities and reports of conversion.

We may add finally, that all the Russian loans have been issued either by public subscription or by direct sales to banks and financial establishments.

Let us observe, too, that Russia is the only great country of Europe whose budget is established without the intervention or control of any Parliament. The unity and the publicity of the Rus-

sian budget were established by an organic law of 1862. The budget, drawn up by each ministry so far as concerns itself, centralized and examined by the Minister of Finance and the Special Board of Control of the Empire, is discussed and voted in plenary sitting of the Council of the Empire, and promulgated the 1st or 2d of January of each year by the *Official Journal*. The budgetary year begins with January 1 (old style).

XXIX.—FRANCE.

What is the nominal capital of the public debt of France? This question cannot be answered in a very clear and precise fashion. In fact, the debt of France is composed of perpetual loans, of redeemable loans and obligations, and of annuities. The nominal capital of the perpetual loans only obliges France to a payment of annual interest; the annuities also merely engage the country to pay an annual sum; the amortizable securities and obligations alone represent a redeemable character. The truth is that France is engaged to an annual payment of interest amounting to a certain number of millions; it owes the capital only to the holders of securities redeemable by drawings at dates fixed when the loans are issued.

After making these observations, we are still going to attempt an estimate of the nominal capital of all these debts. In our calculations we shall take as a base the price of 100 francs for the 3 per cent., $4\frac{1}{2}$ per cent., 4 per cent. redeemable, 3 per cent. rentes; we shall estimate at par of 500 francs the Treasury obligations, and we shall capitalize at 4 per cent. the value of the annuities due by the State.

In the tables we publish further on, it will be seen that the $4\frac{1}{2}$, 4, and 3 per cent. rentes amount to 740,093,038 francs.

At the price of 100 francs they represent a nominal capital of.....	20,855,232,750 francs.
The nominal capital of the 142,615,055 francs of redeemable rentes represents a total of....	4,753,835,100 "
Total of the nominal capital of the rentes..	25,609,067,850 "

The redeemable debt amounts to 385,652,550, from which must be deducted the 142,615,055 francs of redeemable rentes that we have just figured up. There is left, consequently, a total of 243,037,485 francs of redeemable debts. Capitalized at 4 per cent., these debts would represent

A nominal capital of.....	6,075,373,750 francs.
Which, added to the nominal capital of the $4\frac{1}{2}$, 4 per cent., 3 per cent. and redeemable 3 per cent. rentes.....	25,609,067,850 "
Would form for the nominal capital of the debt a total of.....	31,684,441,600 "

But it must be admitted that the figures of 31,684 millions for the

nominal capital of the debt is liable to be disputed. Indeed, all the 3 per cent. rentes, which are worth about 80 francs on the Bourse, and were issued much below this quotation, are immediately made 20 per cent. too large. To have an exact estimate on this point, the examination must be limited to the amount of the annual rentes which the State owes, and if it is desired to know what the increase or diminution of the public debt has been within any definite period, the amount of the rentes issued at the beginning of the period must be compared with those circulating at the moment of the comparison.

Adopting this basis of calculation, we find that, from 1869 to 1887, the consolidated debt has increased 392,729,237 francs; the amount of the capital redeemable under different heads has increased 336,833,517 francs; the life debt has increased 125,360,213 francs.

These three heads, compared with one another, show a total augmentation of 854,922,957 francs, as indicated by the following table:

BUDGET OF 1869 AND 1887 (PUBLIC DEBT).

	<i>Budget of 1869.</i>	<i>Budget of 1887.</i>	<i>Increase.</i>
1. Consolidated debt....	347,363,8c1	740,093,038	392,729,237
2. Redeemable capital...	48,819,033	385,652,550	336,833,517
3. Life debts.....	85,555,523	21c,015,726	125,360,203
Totals.....	481,738,357	1,336,661,314	854,922,957

We pay, therefore, every year in expenditures upon the public debt and the life debt 824,922,957 francs more than at the end of 1869. This is the truth. If now we compare the amount of the rentes inscribed on the Great Book, on January 1, 1871, for example, with January 1, 1886, we find the following results:

<i>January 1, 1871.</i>						
<i>5 per cent.</i>	<i>4½</i>	<i>4½ old.</i>	<i>4½ per cent. new.</i>	<i>3 per cent.</i>	<i>3 per cent. - redeemable.</i>	<i>Totals.</i>
—	37,447,732	—	446,096	348,328,515	—	386,222,343
<i>January 1, 1886.</i>						
<i>5 per cent.</i>	<i>4½ old.</i>	<i>4½ new.</i>	<i>4 per cent.</i>	<i>3 per cent.</i>	<i>3 per cent. redeemable.</i>	
—	37,433,232	305,426,849	446,096	363,038,351	119,896,560	826,241,113

On January 1, 1871, the nominal capital of the rentes inscribed in the Great Book represented a sum of 12,454,274,722 francs. On January 1, 1886, the nominal capital of the rentes inscribed in the Great Book represents a sum of 23,728,096,228, or an increase of 11,273,821,506 francs.

With this figure, if the amount of the 3 per cent. and redeemable 3 per cent. rentes created in 1886 be added, we obtain, under the limitations we have expressed, the amount of the increase of the capital of the public debt since the war, or in round numbers about 12 milliards.

This figure of 12 milliards appears to us to be the one nearest

the truth. If we make an abstract of the sums the State has received since 1870, either from loans in rentes, or from various proceeds, or from different alienations, we find that the State has collected :

1.	From loans in 3 and 5 per cent. rentes.....	7,242,210,623 80
2.	" " "redeemable 3 per cent. rentes.....	3,284,580,886 45
3.	" " "bonds.....	508,349,563 39
4.	" " "various proceeds.....	312,582,320 10
5.	" " "different alienations.....	169,902,658 40
Total.....		11,517,626,052 14

The agreement is seen at once between the capital really received and the nominal capital for estimating the increase of the public debt since 1870.

Following will be found the details of the different loans made since 1870: In compiling them we have relied upon official documents. M. Magne's report of October 28, 1873; the tables published by M. Léon Say in his work on the redemption of the railroads; the motives of the different budgets; the reports of Messrs. Dauphin, Rouvier, Jules Roche and Wilson.

We think this table is as complete and exact as possible.

LOANS MADE SINCE 1870.

I.—PERPETUAL RENTES.—REDEEMABLE RENTES.—SHORT-DATED OBLIGATIONS.		
Loan of 750,000,000 in 3 per cents., law of August 12, 1870.....	804,572,181 —	7,242,210,623 80
Loan of 2 milliards in 5 per cents., law of June 20, 1871.....	2,225,994,045 —	
Loan of 3 milliards in 5 per cents., law of July 15, 1872.....	3,498,744,639 —	
Loan Morgan obligations, 6 per cents., law of October 25, 1870.....	208,899,770 —	
Loan of 504,000,000 (expenses included) in 3 per cents., law of May 1, 1886.....	503,999,988 80	3,284,580,886 45
Redeemable 3 per cent. rentes, issue of 1878....	439,878,547 —	
Redeemable 3 per cent. rentes, issue of 1881....	999,967,305 —	
Redeemable 3 per cent. rentes, issue of 1884....	349,978,889 —	
Consolidation of the floating debt.....	1,199,986,880 50	508,349,563 39
Liquidation of the superannuation fund.....	294,769,204 95	
Short-dated obligations, 1887, 1888, 1889, 1890 (on March 1, 1886).....	466,149,563 39	
Thirty year obligations (1907) balance to be redeemed December 31, 1887.....	65,200,000 —	
Total.....		11,035,141,073 54

II—LOANS UNDER VARIOUS FORMS.

Loan to the Bank, 1,530 millions entirely redeemed *.....	Mémoire.	
Previous deduction from the surplus receipts of 1869.....	57,973,567 70	
Previous deduction from the surplus receipts of 1880-1881.....	29,677,000 —	
Payment on the conversion of the Morgan loan. Guarantee of interest redeemed by the railroad companies (1880 to 1883).....	66,839,849 33	
Premium on issue of sexennial obligations.....	46,649,380 07	312,582,320 10
Settlement with the city of Paris of expenses of the Hôtel des Postes.....	1,698,640 —	
Redeemable funds of co-operation : barracks....	846,000 —	
Funds of co-operation for railroad works prior to 1883 †.....	8,248,373 —	
	100,549,508 —	

[* See report of M. Wilson, budget of 1887, p. 86, n. 1, 137.

† Id., p. 92.

III.—LOANS BY ALIENATION OF THE NATIONAL CAPITAL.

Alienation of the rentes of redemption.....	108,612,002 —	
Alienation of the rentes of endowment of the army.....	45,667,682 —	
Alienation of sundry real estate of the domain.....	13,544,546 40	
Proceeds of a subscription in 1870-1871 for purchase of cannon.....	499,428 —	
Cession of the Arsenal of Lille.....	585,000 —	
General total.....		11,517,626,052 04

What have these 11½ milliards been used for? What has been the cause of the increase of the debt? It is, unfortunately, only too easy to answer. These milliards are the sad result of the war of 1870. The charges of this war are not less than 10 milliards.

Some precise information on this point follows:

M. Magne, in his report of October 28, 1873, addressed to M. Thiers, estimates the costs of the war at.....	9,287,882,000 francs.
M. Léon Say, in his work on the Redemption of the Railroads (1881) estimates these costs at.....	11,471,411,661 francs.
M. Jules Roche, in his general report on the budget of 1886, estimates (page 80) these same costs at.....	10,880,185,179 francs.
Chargeable.. { To the perpetual debt.....	8,241,708,966
{ To the redeemable debt.....	2,638,476,225
Amount equals.....	10,880,185,179

M. Mathieu-Bodet, former Minister of Finance, has estimated the costs of the war at 10 milliards (*Journal des Economistes*, August 18, 1883.)

The difference between M. Magne's figures and those of M. Léon Say is in the expenditures on account of liquidation, which M. Magne could not estimate in 1873, and which M. Léon Say has added to the recapitulatory table at the end of his work of December 15, 1881.

On one hand several milliards have been expended on public works in execution of Freycinet's plans; on the other hand, from 1872 to 1885, important reductions of taxes have been made prematurely, in our opinion; for, while the expenditures increased, the budgetary receipts were diminished; without these reductions of taxes we should not now have such difficulty in balancing our budgets. These reductions were as follows:

In 1877.....	7,448,000
In 1878.....	48,675,000
In 1879.....	53,350,989
In 1880.....	134,730,215
In 1881.....	7,210,000
Total.....	251,720,204

By adding to this total the amount of the reductions of taxes effected in 1872, 1873, 1875, and which foot up 33,272,000 francs, plus the amount of reductions voted in 1884 on the judicial sales and on the exchanges of unimproved rural property, we find that the exact total of the reductions made is 286,496,204 francs. Full details of these reductions may be found in the exposition of the motives of the budget of 1886 (p. 936 and 937).

If a general table were made from 1870 to 1887 to comprise the capital the State has received in the form of different loans and of taxes and the capital it has paid out for the costs of the war, for public works, for reductions of taxes, for various administrative services, the expenses of collecting the taxes, interest due and capital repaid to its lenders, the vitality of our country would be understood and the difficulties of every kind it has surmounted. We shall make but one comparison. Since 1870 the State, as was seen, has borrowed and received 11½ milliards. Now, if to the 286,000,000 of reductions of taxes, we add the interest and redemptions it has paid to its lenders, we find it has disbursed in this way more than 10,300 millions. In effect:

In a table published in the report on the budget of 1886, by M. Jules Roche (pp. 89 and 92), the interest paid from January 1, 1871, to December 31, 1885, on the debt was.....	7,334,208,066 francs.
During the same period the capital redeemed or amortized amounted to.....	2,706,637,824 francs.

The total of interest and capital redeemed or amortized was consequently..... 10,040,845,890 francs.

In this figure are included the sums redeemed at the Bank of France, as follows:

Capital borrowed.....	1,510,000,000
Interest paid.....	80,921,898
Sum paid at the bank	1,610,921,898

How has the State been able to bear up under such crushing charges? How has it found the resources necessary for paying its loans? Solely by taxation. We pay now 1,100 millions more than in 1869.

At the moment we write these lines, the budget of 1887 is not yet voted, and we have only provisional estimates.

The budget of 1887, proposed by M. Sadi-Carnot, March 16, 1886, was as follows:

Receipts.....	3,142,687,567 francs.
Expenditures.....	3,140,994,820 "
Surplus.....	1,692,747 "

The commission of the budget in its first report, No. 1,137, estimates the receipts at 3,016,485,142 francs, and the expenditures at 3,014,791,557 francs.

In its second report, the commission of the budget estimates the receipts at 2,966,579,242 francs, and the expenditures at 2,964,887,530 francs, or a surplus in receipts of 1,691,712 francs.

If we adopt these figures, we find that the general total of the ordinary ways and means of the year 1887 is estimated by the commission of the budget (report of M. Wilson, January, 1887), at..... 2,964,887,530 francs.

The ordinary receipts of the budget of 1869 (*Bulletin de Statistique*, 1883, p. 554), having been..... 1,864,752,236 " 82

Increase..... 1,100,135,293 francs 18

As we pay at present, as was shown above, 854,922,957 francs more than in 1869 for the expenditure on the public debt and the life debt, we may say that this augmentation of the debt absorbs nearly 80 per cent. of the 1,100 millions of new resources which it has been necessary to create since that time.

We have said that on January 1, 1887, the expenditure on the public debt, the redeemable and life debts, called for 1,336,661,314 francs. According to our budgets, these different chapters were thus composed :

CONSOLIDATED DEBT.

Rentes 4½ per cent. new fund (law and decree of April 27, 1883) ..	305,540,359	francs.
" 4½ per cent. old fund (decree of March 14, 1852)	37,433,232	"
" 4 per cent., law of June 19, 1828	440,096	"
" 3 per cent., law and ordinance of May 1, 1825	396,673,351	"
Total	740,093,038	"

DEBT REDEEMABLE IN TIME OR BY ANNUITIES.

Interest and amortization of the short-dated obligations	86,500,000	francs.
Rentes 3 per cent., redeemable by annuities (law of June 11, 1878; decree of July 10, 1878)	142,615,055	"
Interest and amortization of the thirty years obligations (laws of June 23, 1857, June 29 and July 4, 1861, law of December 29, 1870, decree of June 22, 1877)	6,633,400	"
Interest and amortization of obligations issued for the completion of parochial roads and the building of schools	10,437,000	"
Interest of obligations issued for guarantee of interest to railroad companies	2,300,000	"
Interest and amortization of loan contracted by Sardinian Government for improvement of the thermal establishment of Aix	35,900	"
Redemption of canal concessions	3,004,608	"
Annuities to railroad companies	32,600,822	"
Annuity to Algerian Co.	4,997,765	"
Annuities to departments, cities and communes, payment of war damages	17,419,750	"
Annuities to repair damages caused by military engineering	1,840,250	"
Annuities to communes, costs of barracks	7,988,000	"
Annuity to Company of the East	20,500,000	"
Annuities of conversion of the Morgan loan	17,300,000	"
Annual dues to Spain for delimitation of the frontier of the Pyrenees	20,000	"
Interest of the floating debt of the Treasury	22,000,000	"
Interest on capital of security	9,400,000	"

Total of redeemable debt

385,652,550 "

The life debt, including civil and military pensions, amounts to 210,915,726 francs. The expenditure on the public debt requires therefore, 1,336,661,314 francs, namely :

1. Consolidated debt	740,093,038	francs.
2. Redeemable debt and annuities	385,652,550	"
Life debt	210,915,726	"
Amount	1,336,661,314	"

To recapitulate, and to conclude this chapter of the public debt of France, which we have endeavored to make as complete as possible, following the same order as in our accounts of the debts of other countries :

1. The nominal capital of the public debt, with the limitations

we have mentioned, and without taking into account the life debt may be estimated at 31 milliards.

2. Since 1870 the increase of the nominal capital of the debt has been 12 milliards.

3. The expenditure on the public debt and life debt requires, January 1, 1887, 1,336,661,314 francs, or an increase of 854,922,957 francs over the budget of 1869.

4. The loans issued by France have been made in 6 per cents. (Morgan obligations), in 5 per cents., converted in 1883, in 4½ per cents., in 3 per cents., in redeemable 3 per cents., in obligations at thirty and six years and Treasury bonds.

The amount of the different loans, made since 1870, exceeds 11½ milliards, on which France has already paid for interest and amortization more than 10 milliards.

5. Nearly all the French rentes are in our country. It is to be desired, as we shall express the wish in concluding this work, that various measures should be adopted to have our rentes quoted and negotiated in all the foreign markets.

The French rentes are scattered among the smallest holders. On January 1, 1882, there were 3,867,801 inscriptions of rentes, representing an annual rente (interest) of 743,315,760 francs, or an average of about 200 francs of rentes for each inscription. In this number were counted 113,881 departmental subscriptions; 246,292 notes of mixed rentes; 2,443,364 notes of rentes to bearer; 989,894 inscriptions belonging to different owners.

6. No French loan has received any special pledge upon any tax or revenue whatever; the French loans and all our public debt are guaranteed by the general resources of the budget, as they are shown in the annual accounts, submitted to the public bodies, discussed, and sanctioned by them.

Let us add, finally, that when the situation of our public finances is studied, the immense reserve of riches and resources must not be forgotten, which the State will later have at its disposition from the proprietorship of all the railroads.* This property now represents, according to the balance-sheets of the companies, a value of 12 milliards, and of about 16 milliards according to the prices of the stocks and bonds quoted on the Bourse.

* See, for details on this subject, the *Rentier* of June 27, 1885. "The Railroads and the Public Debt." See also our work on the "Development of Personal Property and French Savings from 1871 to December 31, 1884," *Rentier* of January 27 and February 17, 1885.

[TO BE CONTINUED.]

CONDITION OF NEW YORK BANKS.

The last report of the Hon. Willis S. Paine, Superintendent of Banking in New York, contains much useful and interesting information relating to the banking institutions of the State.

INCREASE OF CAPITAL.

The net increase in the capital stock of banks, banking associations and individual bankers during the fiscal year was \$1,235,000.* Of this amount, \$870,000 was capital of new associations, \$400,000 resulted from the increase of the capital stock of the Bank of the State of New York from \$800,000 to \$1,200,000. The apparent difference of \$35,000 in amount of capital stock reported September 18, 1886, and September 17, 1887, is accounted for by the liquidation of the Farmers' Bank of Fayetteville, with capital stock of \$25,000, and the reduction in the capital stock of Henry D. Barto & Co.'s Bank.

COMPARATIVE EXHIBIT.

In the table given below is shown the aggregate of the principal items of resources and liabilities of the State Banks of deposit and discount, compiled from their quarterly reports made to this department for the dates nearest to the close of each fiscal year since 1866:

<i>Date.</i>	<i>Capital.</i>	<i>Due Depositors on Demand.</i>	<i>Loans and Discounts.</i>	<i>Profits and Surplus.</i>	<i>Total Resources.</i>	<i>No. of Banks.</i>
Sept. 29, 1866.....	\$15,443,477	\$40,573,591	\$37,420,710	\$4,579,440	\$72,632,003	85
Sept. 28, 1867.....	14,666,189	34,954,790	35,413,421	5,125,540	61,133,661	61
Sept. 26, 1868.....	14,578,260	40,980,922	39,455,487	5,758,181	67,886,319	44
Sept. 25, 1869.....	18,205,924	60,517,891	47,743,597	6,805,089	92,382,091	55
Sept. 24, 1870.....	19,759,810	46,535,437	46,435,320	7,384,299	79,281,001	59
Aug. 26, 1871.....	23,061,020	61,908,371	56,318,799	7,628,050	100,421,820	69
Sept. 21, 1872.....	24,845,043	75,491,383	66,076,361	8,624,172	117,858,811	70
Sept. 13, 1873.....	26,958,890	70,733,491	71,073,544	9,256,782	116,536,734	80
Sept. 26, 1874.....	26,336,290	62,471,306	66,435,729	9,754,938	111,180,340	81
Sept. 18, 1875.....	24,915,090	61,834,917	68,191,919	9,504,764	107,071,518	84
Sept. 23, 1876.....	24,463,317	56,774,912	63,062,801	8,586,096	100,759,644	84
Sept. 22, 1877.....	22,729,100	54,002,718	57,906,952	7,722,600	93,385,429	81
Sept. 21, 1878.....	20,568,203	50,540,621	51,626,029	7,230,252	86,955,670	75
Sept. 13, 1879.....	19,353,200	54,259,589	51,174,579	7,236,465	86,693,182	73
Sept. 18, 1880.....	18,738,200	61,795,773	66,179,259	8,058,180	99,850,755	68
Sept. 24, 1881.....	19,025,700	75,717,130	74,745,135	8,928,175	113,453,572	72
Sept. 30, 1882.....	18,805,700	82,050,980	80,248,514	9,657,702	122,563,460	76
Sept. 22, 1883.....	21,761,700	113,914,563	96,338,993	11,146,418	160,716,393	84
Sept. 20, 1884.....	22,150,700	109,550,334	92,110,967	11,792,902	157,446,275	89
Sept. 12, 1885.....	22,350,700	116,774,018	97,928,129	11,605,775	176,667,499	92
Sept. 18, 1886.....	22,095,700	130,416,652	110,539,711	12,689,267	179,247,274	95
Sept. 17, 1887.....	23,330,700	139,035,151	118,539,965	14,316,628	190,954,547	105

TRUST, LOAN AND MORTGAGE COMPANIES.

Twenty-one trust, loan, mortgage, security, guaranty or indemnity companies or associations were in existence in the State at the beginning

* The Hempstead Bank was organized September 26, 1887, and as it is not included in the September report of 1887 its capital stock of \$30,000 is additional to this amount.

of the present fiscal year. The name, location and capital of each association on October 1, 1887, are given in the following table:

<i>Name.</i>	<i>Location.</i>	<i>Capital.</i>
American Loan and Trust Company.....	New York city...	\$1,000,000
Atlantic Trust Company.....	New York city.	500,000
Brooklyn Trust Company.....	Brooklyn	1,000,000
Buffalo Loan, Trust and Safe Deposit Company....	Buffalo	137,000
Central Trust Company.....	New York city...	1,000,000
Equitable Trust Company of New London, Conn...	New York city...	1,500,000
Farmers' Loan and Trust Company.....	New York city...	1,000,000
Knickerbocker Trust Company.....	New York city...	500,000
Long Island Loan and Trust Company	Brooklyn	500,000
Manhattan Trust Company.....	New York city...	150,000
Mercantile Trust Company.....	New York city...	2,000,000
Metropolitan Trust Company.....	New York city...	1,000,000
Mutual Trust Company.....	New York city...	50,000
New York Guaranty and Indemnity Company.....	New York city...	100,000
New York Life Insurance and Trust Company.....	New York city...	1,000,000
Rochester Trust and Safe Deposit Company.....	Rochester	106,000
Title Guaranty and Trust Company.....	New York city...	860,000
Trust and Deposit Company of Onondaga.....	Syracuse.....	100,000
Union Trust Company.....	New York city...	1,000,000
United States Mortgage Company.....	New York city...	1,000,000
United States Trust Company.....	New York city...	2,000,000

January 1, 1887, the Title Guaranty and Trust Company of New York city increased its capital stock from \$733,950 to \$800,000; and on July 16, 1887, again increased its capital stock from \$800,000 to \$860,000. April 7, 1887, the capital stock of the Knickerbocker Trust Company was increased from \$300,000 to \$500,000; and on July 16, 1887, the capital stock of the Brooklyn Trust Company was increased from \$600,000 to \$1,000,000; and the capital stock of the Rochester Trust and Safe Deposit Company from \$90,000 to \$106,000.

Under authority of chapter 580 of the Laws of 1886, the name of the Manhattan Mortgage Company was changed to Knickerbocker Trust Company; and by chapter 582 of the laws of the same year, the name of the Real Estate Trust Company was changed to the Manhattan Trust Company.

In the table given below are shown the aggregates of the items of resources, liabilities and statistics, reported to the Superintendent by the trust, loan, mortgage, security, guaranty and indemnity companies or associations of the State, on July 1, 1886, and July 1, 1887.

<i>Resources.</i>	<i>July 1, 1886.</i>	<i>July 1, 1887.</i>
Bonds and mortgages.....	\$9,023,297 82	\$8,842,788 83
Stock investments.....	39,059,349 92	35,997,223 95
Loans on collaterals.....	101,287,929 15	118,937,179 86
Loaned on personal securities, including bills purchased	12,766,806 30	8,742,591 21
Real estate.....	5,810,533 54	5,892,689 47
Cash on deposit in banks and other moneyed institutions.....	10,737,511 86	12,082,349 08
Cash on hand.....	7,357,838 37	7,095,381 86
Other assets*.....	3,122,792 04	13,391,636 45
Total resources.....	\$189,166,059 00	\$201,030,840 71

*Deficiency in assets, Equitable Trust Company, July 1, 1886, \$288,407 90.

†Deficiency in assets, Equitable Trust Company, July 1, 1887, 372,934 67.

<i>Liabilities.</i>	<i>July 1, 1886.</i>	<i>July 1, 1887.</i>
Capital stock paid in, in cash.....	\$15,260,950 00	\$15,603,000 00
Surplus fund.....	5,212,377 39	11,750,534 26
Undivided profits.....	9,468,368 87	6,109,310 96
Deposits in trust.....	76,971,344 00	106,133,132 07
General deposits.....	72,523,792 41	51,854,439 35
Debentures.....	3,245,000 00	2,533,000 00
Bonds outstanding.....	1,592,705 31	1,586,415 68
Other liabilities.....	2,737,781 40	3,447,955 33
Excess of assets over liabilities.....	2,442,147 52	2,379,987 73
Total liabilities.....	\$189,454,466 90	\$201,403,775 38
<i>Supplementary.</i>		
Debts guaranteed and liability thereon.....	\$464 17	\$178 56
Interest, commissions and profits received during six months ending.....	3,236,389 52	4,628,424 34
Interest paid and credited to depositors during the same period.....	1,235,614 76	1,667,237 17
Expenses during the same period.....	384,935 26	447,876 61
Dividends on capital stock declared during the six months ending.....	710,125 00	867,425 00
Amount of deposits made by order of court during the six months ending.....	4,601,970 19	4,783,513 25
Total amount of deposits on which interest is allowed at this date.....	135,503,674 62	146,631,463 57

From July 1, 1886, to July 1, 1887, the increase in assets of these corporations was \$11,864,781.71. On July 1, 1887, their aggregate resources were \$201,030,840.71. During the year deposits increased \$8,492,435.01, and surplus fund and undivided profits increased \$3,185,098.96. During the same period the increase in capital was \$342,050, resulting from the Title Guaranty and Trust Company increasing its capital stock from \$733,950 to \$860,000; the Knickerbocker Trust Company from \$300,000 to \$500,000; and the Rochester Trust and Safe Deposit Company, from \$90,000 to \$106,000. On July 1, 1887, the amount of cash on hand and deposited with banks and other moneyed institutions was \$19,177,730.94, being \$1,082,380.71 in excess of the sum held July 1, 1886. The increase in the amount loaned on collaterals during the year was \$17,699,250.71, and in amount invested in real estate, \$82,155.93. During the same time there was a net decrease in the amount loaned on personal securities, including bills purchased, of \$4,024,215.09, and in amount invested in public stocks, of \$3,062,125.97. The decrease in bond and mortgage securities was \$180,508.99. The total amount of interest, commissions and profits received during the six months ending July 1, 1887, was \$4,628,424.34, being \$1,392,034.82 in excess of the sum received for the corresponding six months of the preceding year. The expenses of management for the first half of the present year were \$447,876.61, against \$384,935.36 for the first half of 1886. The dividends on capital stock, declared from January 1, 1886, to July 1 of that year, were, in the aggregate, \$710,125; from January 1 to July 1 of the present year, the total amount of dividends declared was \$867,425.

SAFE DEPOSIT COMPANIES.

On October 1, 1887, there were sixteen corporations for the safe keeping and guaranteeing of personal property engaged in business in this

State, under the provisions of chapter 613 of the Laws of 1875 and the acts additional thereto and amendatory thereof. The name, location and capital of each are given in the following table, viz.:

<i>Name.</i>	<i>Location.</i>	<i>Capital.</i>
Albany Safe Deposit and Storage Company.....	Albany.....	\$10,000 00
American Safe Deposit Company.....	New York city...	200,000 00
Bankers' Safe Deposit Company.....	New York city...	100,000 00
Brooklyn City Safe Deposit Company.....	Brooklyn.....	100,000 00
Buffalo Loan, Trust and Safe Deposit Company....	Buffalo.....	137,000 00
Central Safe Deposit Company.....	New York city...	93,600 00
Fifth Avenue Safe Deposit Company.....	New York city...	100,000 00
Lincoln Safe Deposit Company.....	New York city...	500,000 00
Long Island Safe Deposit Company.....	Brooklyn.....	200,000 00
Manhattan Safe Deposit and Storage Company....	New York city...	200,000 00
Mercantile Safe Deposit Company.....	New York city...	300,000 00
Mount Morris Safe Deposit Company	New York city...	150,000 00
New York Produce Exchange Safe Deposit and Storage Company	New York city...	150,000 00
Rochester Trust and Safe Deposit Company.....	Rochester.....	106,000 00
Safe Deposit Company of New York.....	New York city...	283,300 00
Stuyvesant Safe Deposit Company.....	New York city...	200,000 00
		\$2,829,900 00

During the year the capital of the Brooklyn City Safe Deposit Company was increased from \$97,000 to \$100,000, and that of the Rochester Trust and Safe Deposit Company from \$90,000 to \$106,000. February 17, 1887, a certificate of organization was filed in this department by the Yonkers Safe Deposit Company, to be located in the city of Yonkers, with capital of \$50,000. The Superintendent is not aware that the last-named company has entered upon active business.

THE MOVEMENT IN GOVERNMENT BONDS FOR 1887.

The following table shows the highest and lowest prices for Government bonds at the Stock Exchange for each month. The figures represent the premium.

	JANUARY.		FEBRUARY.		MARCH.		APRIL.		MAY.		JUNE.	
	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.
United States 4½s, registered....	10¼	9¾	—	9¾	9	8¾	10¼	9¾	9¾	9¾	9¾	9¾
United States 4½s, coupon.....	10½	9¾	10	28½	9¾	8¾	10¼	10½	10½	10½	9¾	9¾
United States 4s, registered.....	28½	27½	28½	28½	28½	27½	29½	29½	29½	28½	28½	28½
United States 4s, coupon.....	28½	25¾	28½	28½	29½	28	29½	29½	29½	28½	29½	29
Total sales 1887.....	\$805,000		\$659,000		\$690,400		\$838,000		\$870,500		\$394,100	
Total sales 1886.....	807,000		1,203,500		1,523,000		1,392,500		1,360,500		1,320,000	
Total sales 1885.....	1,559,700		906,500		651,000		800,850		2,635,200		2,914,200	
Total sales 1884.....	2,027,700		924,700		1,120,100		1,321,500		2,256,000		1,383,000	
Total sales 1883.....	2,185,200		1,120,000		955,000		1,143,500		922,000		1,130,000	
Total sales 1882.....	663,000		686,000		538,000		2,393,000		1,412,000		717,000	
Total sales 1881.....	2,084,000		2,713,100		3,004,200		4,092,000		4,194,200		2,392,200	
Total sales 1880.....	8,056,700		13,814,650		6,232,000		9,557,600		4,389,450		2,324,800	
Total sales 1879.....	9,151,050		6,224,500		4,855,150		15,940,850		11,533,250		9,413,300	
Total sales 1878.....	12,414,150		16,726,400		25,518,750		18,572,650		12,110,250		10,507,300	
Total sales 1877.....	7,387,800		6,789,100		7,346,150		5,772,650		7,245,800		7,899,400	
	JULY.		AUGUST.		SEPTEMBER.		OCTOBER.		NOVEMBER.		DECEMBER.	
	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.
United States 4½s, registered....	9¾	8¾	9	7½	8¾	7¾	8¾	8	7¾	7¾	7½	7½
United States 4½s, coupon.....	9¾	8¾	10¾	8	8¾	8	8¾	8¾	8¾	7	7	7
United States 4s, registered.....	28½	27¼	28	25¾	24¾	23½	26¼	26¼	26¼	25¾	23½	23½
United States 4s, coupon.....	28½	27¼	28½	25¾	25	24½	26½	26½	26½	26½	25	25
Total sales 1887.....	\$410,300		\$714,750		\$1,193,000		\$1,059,000		\$262,600		.....	.....
Total sales 1886.....	1,573,200		531,000		1,193,000		1,059,000		613,400		\$785,000	
Total sales 1885.....	1,114,900		948,500		1,022,000		1,245,000		1,004,000		1,498,400	
Total sales 1884.....	1,477,500		704,000		1,003,950		69,250		692,700		1,166,500	
Total sales 1883.....	1,655,500		1,512,500		1,527,000		1,425,900		1,770,000		2,214,000	
Total sales 1882.....	675,000		539,000		761,000		536,000		741,500		2,048,500	
Total sales 1881.....	2,444,000		1,606,150		1,673,750		2,067,600		3,686,700		3,456,250	
Total sales 1880.....	2,504,800		1,836,450		2,020,200		4,308,800		4,701,500		2,793,200	
Total sales 1879.....	13,286,200		12,588,400		7,865,000		8,483,850		6,275,100		9,387,700	
Total sales 1878.....	12,298,550		8,506,100		7,865,000		7,487,650		10,737,600		7,953,500	
Total sales 1877.....	7,624,950		1,148,100		7,745,100		10,556,600		6,617,200		8,974,750	

LOAN AND BUILDING ASSOCIATIONS.

From the last report of Hon. Fred. E. Richards, Bank Examiner of Maine, the following lucid account of loan and building associations is taken.

The first building association in this country was organized more than half a century ago. Since then many associations have been established and successfully conducted, but it is only within a comparatively few years that their real character and universal value have received general public recognition.

The first Loan and Building Association in this State was organized at Richmond in 1875, under a special charter. Soon after a general law on the subject was passed, but was revised and essentially modified by the present Legislature.

This law, as it now stands, provides in general, that Loan and Building Associations may be organized in the manner provided for the organization of savings banks and trust and loan associations.

The capital of every association must consist of the dues collected of its shareholders, and shall not exceed one million dollars.

This capital is divided into shares, the "ultimate value" of each being two hundred dollars. The shares are paid for by monthly installments of one dollar per share until each share reaches its "ultimate value," *i. e.*, \$200.

The shares are issued in series in such amounts and at such times as the members of the association may determine.

The funds of the association are loaned to its shareholders on satisfactory security, and all profits and losses are divided among them *pro rata*.

To become a shareholder it is only necessary to take out a certificate of as many shares as one may want, but no person shall hold more than twenty-five shares. Minors may hold shares by trustees.

If a shareholder fails to pay his monthly dues he is subject to a fine of not more than two per cent. a month on each dollar in arrears, and if he continues in arrears for six consecutive months he forfeits his right of membership and his account may be closed.

Shareholders may at any time, on a month's notice withdraw the value of their shares, but in so doing they subject themselves (1) to the loss of such part of the profits as the by-laws may provide, and (2) to the payment of a proportionate part of any unadjusted loss. These two provisions are for the purpose of giving greater stability by discouraging withdrawals.

Two shares of each shareholder shall be exempt from attachment and execution.

When a share has reached its ultimate value the holder shall be paid in full and his account closed. But he may renew his connection by investing in other shares.

It is evident that were there no profits it would require 16 $\frac{2}{3}$ years for each share to reach its ultimate value, but experience has shown that the profits reduce this time to 10 or 12 years. This makes a profitable investment.

In regard to the investment of the funds of Loan and Building Associations the law provides that

Every borrower shall be a shareholder.

Each member is entitled to receive a loan of two hundred dollars for every share held by him.

Loans may be made either (1) by giving as security a first mortgage bond on real estate and pledging the shares as collateral or (2) shares alone may be pledged for any amount not exceeding their paid up value.

On every loan is charged an annual interest of six per cent. payable in monthly installments.

The manner of loaning the funds of the institution is as follows: Each month the directors of the association meet and bid off at auction the money available for loans. That is, the borrower, in addition to paying dues and interest, agrees to pay a small percentage for the privilege of using the money.

Take a practical illustration. A workman wishes to build for himself a home. He becomes a member of a Loan and Building Association and accumulates his savings till they amount to, say, two hundred dollars. He then selects a lot and makes a plan for his home. He finds it will cost him, when completed, \$1,200. He owns six shares in the association, on which he has already paid \$300, and these, when fully matured, will pay for his home. He attends a monthly meeting of the directors and bids off a loan to that amount, at a premium of two per cent. He pays for his lot by giving a first mortgage on it to the association and transferring his shares as a pledge or collateral. He then contracts with a carpenter to build his home. When his house is framed and boarded, he receives from the association a proportionate advance of his loan, when it is plastered another advance, and when it is finished, the balance.

He now has a home for which he is in debt \$1,200, payable in monthly installments on his shares. His monthly expense, then, will be as follows:

Dues on six shares at one dollar per share.....	\$6 00
Interest on \$1,200 at 6 per cent. per annum.....	6 00
Premium of 2 per cent. per annum.....	2 00
Total.....	\$14 00

If this seems an excessive burden, it must be remembered that meanwhile house rent is saved, and a property is being accumulated.

As in the case of shareholders, non-borrowers, it is evident that were there no profits it would require 16½ years to pay this loan, but as the shares are constantly accumulating from the dividends this time is generally reduced to 10 or 12 years.

Borrowers are subject to the same regulations and conditions as non-borrowers. They may withdraw their loans on application at any time either (1) by paying the balance due after deducting the value of the shares held as collateral, or (2) shares may be retained by paying the amount due in full.

To guard against financial embarrassment to any association, it is provided that at no time shall more than one-half of the funds in the treasury be applicable to the demands of withdrawing members.

To prevent the perversion of associations to objects other than for which they are intended, it is provided that directors may, at their discretion, retire unpledged shares at any time after four years from the date of their issue.

At each periodical distribution of profits the directors shall reserve, as a guaranty fund, a sum not less than one nor more than five per cent.

of the net profits accruing since the next preceding adjustment, until such fund amounts to five per cent. of the dues capital, which shall, at all times, be available to meet losses.

As there seems to be some misapprehension on the part of a number of Loan and Building Associations respecting certain points of the law, the Bank Examiner would call particular attention to the following:

The question has been raised in regard to paying a stipulated rate of interest upon advances. Although under the general powers of corporations this would be warranted, it does not come within the purview of Loan and Building Associations, organized under special laws and with special powers. The law allows no discrimination between shareholders, but all shall be subject alike to a *pro rata* division of the profits. Although the law remains silent on the subject of advances, yet, as it has been the custom to receive them, both in this State and in Massachusetts, and as they would seem to come within the general scope and purpose of Loan and Building Associations, the Bank Examiner would rule that they may be received, subject to such a per cent. of the dividends as would be equitable.

In regard to the distribution of profits, the Bank Examiner understands from the law that no dividend shall be paid to a shareholder in cash, but shall be credited to his account. The dividend thus enhances the value of each share and hastens the time of its maturity. The law does not contemplate the payment of shares by installments.

Profits shall be distributed to the various shares in proportion to their actual value at the time of such distribution.

"And shall be computed upon the basis of a single share fully paid at the date of distribution." By this expression the Bank Examiner understands that a single share, fully paid, shall form the unit upon which dividends shall be reckoned.

To illustrate, an association declares a dividend of five dollars per paid-up share. Then the dividend of a share whose value is \$140 would be 140-200 of \$5, or \$3.50; if \$60, the dividend would be 60-200 of \$5, or \$1.50.

By the provision "Losses shall be apportioned immediately after their occurrence" the law does not seem to contemplate that each individual loss shall be charged immediately to each share, but that an apportionment shall be made in order that, in case of the withdrawal of any share, a proportionate amount of such unadjusted loss may be deducted from the value of such share. All losses should finally be charged to the profit and loss account, or to the guaranty account.

Of the ten building associations now in operation in this State, six have been organized during the current year.

The present number of shareholders is 1,157, of whom about 146 are borrowers.

The amount of "dues collected" is \$66,092; the total amount of resources, \$93,613.80.

The number of loans outstanding is about 160; the amount, \$87,548.76.

The number of new homes built through their aid, and now occupied, is nearly 100, and a number are now in process of erection.

But this by no means covers the range of work which these associations are doing. Not only do they aid in building new homes, but also in buying old ones. In a number of cases old mortgages have been paid off and renewed in an association to the material benefit of the mortgagor. Additions and improvements to homes already paid for have also been made through their aid.

Another hardly less important use to which they may be put is the

building or purchase of stores and shops for small tradesmen and mechanics.

The different associations have been able to pay a fair dividend on their shares, one paying as high as six per cent. the past year.

The cost of the houses erected averages between \$1,200 and \$1,600.

A large majority of the members of these associations are mechanics and small tradesmen, of whom a large per cent. are young men, and also include a fair number of women.

Loan and Building Associations, like all other institutions, can only flourish under felicitous conditions. Experience seems to have shown that rural districts and small towns are not favorable to their development. Manufacturing and growing localities, where there are numbers of working men, constant employment, and steady wages, seem best adapted to their demands. But they will conform to the wants and conditions of the place in which they may be located.

A building association is not necessarily intended, like a savings bank, to be perpetual, but only to do a work needing to be done, and, that done, its purpose is accomplished. No better illustration of the healthy growth and natural decline of a building association can be found than in our own State. When the People's Loan and Building Association was organized in 1875, Richmond had a great shipbuilding industry, which gave constant employment and steady wages to many men. Since then that industry has declined, and the growth of the town has been retarded. During the twelve years that this association has existed it has aided in building nearly sixty homes. Having done this work, and having provided all the new homes which the population of the town demanded, it ceased to grow.

The uniform success of building associations, wherever established under favorable conditions, is a striking exposition of the power of small earnings when united and intelligently devoted to a single object. It points out the fact that sound business principles, wise management and executive ability not only can, but do exist among a class who are generally regarded as being comparatively deficient in those important qualifications; and it goes far toward establishing the soundness of co-operative principles among working men.

There has also been observed in these associations a public benefit far too important to be overlooked.

A home, more than any other thing, adds to a man's social position and self respect. If it imposes upon him the burden of taxation, it also adds to his dignity as a citizen. The necessity of intelligence and economy in public affairs, and the maintenance of law and order are impressed upon him with extraordinary force. It teaches him to consider carefully and act moderately. Under such a condition the danger of strikes and socialistic tendencies rapidly recedes, and a feeling of public security takes its place. Economy and thrift are cultivated, and a sound and healthy public feeling is generated.

FINDS OF GOLD.

The qualified affection which Australia entertains for the Mongol immigration will not be intensified by the fact, that some Chinese gold diggers at Hargreaves, in the Mudgee, have unearthed a nugget weighing 225 ounces. The Celestials, feeling that their good fortune might possibly entail uncomfortable consequences, kept their lucky find concealed. But, as the lump of metal was transmitted to the Sydney Mint, the news soon leaked out, with the result that the district where such good fortune is possible has been inundated with eager prospectors. Two hundred and twenty-five ounces of gold, worth, say, according to its fineness, from 700*£* to 800*£* is, unquestionably, a comfortable day's work, and, in some far-away village in Shan-se or Kwan-tung, is more than sufficient to secure a perpetual feast of rice and pork, ducks and Samshoo for the fortunate finder's family. It is, however, extremely unlikely that any such peaceful dream will be permitted to take possession of the Chinaman's mind.

Two hundred and twenty-five ounces are no doubt a large haul in these days, when gold is usually washed out in scales, and a "specimen" as big as a bean is regarded as a very pretty nugget indeed. Two shillings out of a ton of "dirt" is, in California, an average return. Hargreaves is, however, a spot where, in the disintegration of the old quartz ledges—to which all the placer deposits in the gravels and sands of rivers and the like localities are due—heavy deposits of gold seem to have formed. There, from the very earliest period of the Australian gold discoveries, large nuggets have been found, one of the largest being a 460 ounce one, washed out of a bar on the Mudgee, not very long ago. Beside this monster lump the Chinaman's 225 ounces sinks into very small proportions. And even this is by no means the greatest of its costly kindred, for, though it deserves a prominent place among the aristocracy of nuggets, several much heavier have been found in Australia. For instance, in 1851, an aboriginal Australian found one which, though broken, must have originally been a mass of 190 pounds.

In 1858 a party of four men unearthed at Burrandong, in New South Wales, a lump weighing over 1,127 ounces, and valued at *£*4,389, 8*s* 10*d*. Another of 300 ounces was found at Kiandra, and a Chinaman at Jericho, in Victoria, was the lucky discoverer of one weighing 400 ounces. As for 50-, 200- and 250-ounce pieces, though these finds are so notable that every instance of such hauls being made are chronicled, they all sink into insignificance beside the "Welcome" nugget, of Bakerv-hill, Ballarat, which was dug up in June, 1858, and weighed so heavy that it was sold for *£*8,376, and the "Welcome Stranger," of Moliogul, in Victoria, which in 1869 yielded 2,502 ounces, 18 pennyweights and 5 grains of melted gold, the whole mass being of the gross weight of 210 pounds. Even the Carr nugget, which was found in 1852, not far from the 225 ounce one of the Chinaman, weighed close on a hundredweight, though only a part of it was pure metal. Australia, indeed, seems to be the land of great nuggets.

California has nothing like this to show. Even Peru has few such stories to tell, while in the extremely rich place of Cariboo, where in one mine the earth thrown up was really richer in gold than in gravel, the specimens found have been of moderate size. In many of the best-

paying "claims" the dust is so small that it can only be caught by means of mercury, or an elaborate arrangement of "cleets" and "rifles" in the sluice-box, while some fairly rich quartz has its gold disseminated in particles so fine that it is difficult to see the specks without the aid of a magnifying glass. As for the nugget worth "seventy thousand pounds," which the hero of a female novelist unearthed in Australia, "and, stealthily thrusting it into his boom, crept into the darkness"—that is a tale with which many a camp fire has made merry at the expense of the guileless authoress.

These enormous nuggets are not the terrestrial currency out of which the few lucky miners have made their fortunes. There is, however, unquestionably a fascination in searching for them, and in the hope of a big one turning up to reward the toiler for his weeks and months of disappointment. Hence, "fossicking" or "pocket mining," the searching for those scattered accumulations of gold which seem to have been washed into eddies in the early history of the earth, has peculiar charms for peculiar minds. It is gambling, as all gold mining is; for though there is now a certain amount of experience to fall back upon, it is impossible to affirm that even yet the richest mines have been discovered by the most practiced hands. The Chinaman who never saw a speck of the metal, the sailor who has levanted from his ship, the greenhorn who has brought a butcher's knife to pick the nuggets out of the ground and a leather bag to hold them, has more than once stumbled upon the bank in which, unnumbered ages ago, nature has made her deposits for the coming man. In quartz mining especially has this been true.

Most of the richest veins have been brought to light by poor and uneducated adventurers. There is not a single instance of one having been found by a trained geologist or the graduate of a mining school. A hunter in Tuolumne county discovered a rich quartz vein by accidentally chipping off a point of the rock while firing at a grizzly bear, and in 1885 a miner lit upon an equally valuable lode in Mariposa county by noting that the bullet with which he had killed a midnight robber had struck a spot which sparkled in the moonlight. Another mine was discovered by some men who, in despair of ever doing much good in California, were on the eve of bidding it good-by. But before leaving they celebrated their departure by a drunken frolic, during which they amused themselves by rolling stones down the hillside. One of these boulders broke off a projecting ledge of rock, exposing a vein of quartz so rich as to induce the accidental discoverers to remain, and they were well rewarded.—*London Telegraph*.

COLLECTION OF NOTE BY FAILED BANK.

UNITED STATES CIRCUIT COURT, SOUTHERN DISTRICT OF OHIO.

In the Matter of Armstrong, Receiver.

A special indorsement of a note owned and sent by a bank to another to collect is a notice to every one into whose possession it may come of the sender's title thereto and right to the proceeds.

Therefore, the proceeds of a note—sent by a Dayton bank, of Ohio, endorsed “for collection for account of the” sending bank, to the Fidelity National Bank, of Cincinnati, and by it to a Baltimore bank, where the maker lived, for collection—belonged to the Dayton bank, though the sum was collected and credited to the Fidelity Bank the day before its failure.

* JACKSON, CIR. J.—The petition of the Receiver sets out the following state of facts on which the instructions of the Court are asked, viz.:

On the 19th day of May, 1887, the Winters National Bank, of Dayton, Ohio, being the holder and owner of a certain note for \$2,000, made by L. H. Lee & Bro., of Baltimore, Md., dated March 17, 1887, payable three (3) months after date at the Third National Bank, of Baltimore, to the order of Whitely, Fassler & Kelley, and by them indorsed to said Winters National Bank, forwarded the same to the Fidelity National Bank, of Cincinnati, for collection and credit, placing on the note the following special indorsement: “Pay Fidelity National Bank, Cincinnati, Ohio, or order, for collection for account of the Winters National Bank, Dayton, Ohio, J. C. Reber, Cashier.”

The Fidelity National Bank forwarded the note to the Drovers and Mechanics' National Bank of Baltimore for collection, and on the 20th day of June, 1887, the day of its maturity, it was paid by the makers, and the amount thereof was on the same day credited on the books of the Drovers and Mechanics' National Bank to the Fidelity National Bank. On the morning of June 21, 1887, before receiving any advice of the payment of said note, and before any credit was given on its books to the Winters National Bank for said note or for the amount collected thereon by its correspondent, the Fidelity National Bank was closed by officers of the Treasury Department as insolvent, and its assets placed in the hands of David Armstrong as Receiver.

No charge was made of the amount of said note to the Drovers and Mechanics' National Bank by the Fidelity National Bank, nor was any credit given to the Winters National Bank for the same until after the Fidelity National Bank was in possession of the Receiver. On the 20th of June the Drovers and Mechanics' National Bank by letter advised the Fidelity National Bank of the collection of the note and for the credit given it for the amount; upon the receipt of this advice the Receiver credited the Winters National Bank and charged the Drovers and Mechanics' National Bank with the amount on the books of the Fidelity National Bank under or as of the date June 20, 1887.

The Winters National Bank did not anticipate payment of the note by drawing on the Fidelity National Bank for the whole or any portion of the amount thereof. The Winters National Bank had a credit balance with the Fidelity Bank, and in the course of business would not have drawn on the amount of said note until after being advised that said note had been paid. The Drovers and Mechanics' National Bank's

account with the Fidelity Bank shows a debit balance. The Winters National Bank and the Drovers and Mechanics' National Bank both had reciprocal accounts with the Fidelity National Bank.

The \$2,000 collected as aforesaid having come into the possession of the Receiver since his appointment and since the doors of the Fidelity Bank were closed, is now demanded by the Winters National Bank and the Receiver "prays instructions from the Court as to whether said amount belongs to the Winters National Bank or to himself as Receiver."

Under the facts thus presented the \$2,000 in question is clearly the property of the Winters National Bank and can not be rightfully retained by the Receiver as part of the assets of the Fidelity National Bank.

Under the special and restrictive indorsement which the Winters Bank placed upon the note when it was transmitted to the Fidelity Bank for collection and credit, viz.: "Pay Fidelity National Bank, Cincinnati, Ohio, or order, for collection for account of the Winters National Bank, Dayton, Ohio," no title to the note or its proceeds passed or was transferred to the Fidelity Bank. Nor was any relation of creditor and debtor between the two banks created by the Fidelity Bank's reception of the note under the terms of the indorsement. Aside from the indorsement, the statement of facts submitted and on which the Court's instructions are asked, show no arrangement or understanding between the two banks that the note, so remitted for collection, was to be treated as cash. The relations between the two banks in respect to the note were simply that of principal and agent, under which the Fidelity Bank was authorized and directed to collect for account of the Winters Bank, with no right on the part of the latter to draw against it until actually collected and placed to its credit on the books of the Fidelity Bank.

The transaction, as disclosed in the petition, was in no sense equivalent to a discount of the note, whereby the Fidelity Bank acquired a title to the paper and its proceeds. The indorsement under which it was forwarded to the Fidelity Bank is clearly inconsistent with any such idea, and if that indorsement was subject to explanation or variation by parole evidence (which is not conceded), the facts presented establish no such arrangement or understanding as would serve to vary the plain meaning and intention of the special indorsement which merely made the Fidelity Bank the agent of the Winters Bank to collect a note for account of the latter.

By this restricted indorsement the Winters Bank gave notice to every one into whose hands the paper might come, of its title to the note and its right to the proceeds. The case presents no question between the Winters Bank and the Drovers and Mechanics' National Bank of Baltimore. The latter does not claim, and under the special indorsement giving it notice of the Winters Bank's right to the note and its proceeds could not assert any valid claim to the fund, no matter what may have been the course of its business with the Fidelity Bank, nor how its account stood with that bank when the collection was made.

When, therefore, the note was collected and the amount thereof was placed to the credit of the Fidelity Bank by the Drovers and Mechanics' Bank, the money still belonged to the Winters Bank. The act of the collecting bank, exercising only a delegated agency in placing the collection to the credit of the Fidelity Bank in no way affected the rights of the owner of the paper, for whose account, as shown by the indorsements, it was to be collected. That the crediting of the collection to

the Fidelity Bank by the Drovers and Mechanics' Bank on June 20th, and its letter of advice of the fact meant, so far as the Winters National Bank is concerned, merely that the money was received for the Fidelity Bank's principal, and was subject to its order for account of that principal.

It could have no other legal effect or significance without assuming that the Drovers and Mechanics' National Bank, under its delegated agency to collect "for account" of the Winters Bank, could, by the manner in which it might keep its account, change the relation which the Winters and the Fidelity Banks occupied toward each other. It is too clear for argument that no act of the Drovers and Mechanics' Bank, in the face of such an indorsement as the note bore, could convert the relation of principal and agent which existed between the Winters Bank and the Fidelity Bank, in respect to the note and its proceeds, into another and different relation of creditor and debtor. As against the Winters Bank, the credit which the Drovers and Mechanics' Bank gave to the Fidelity for the amount of the collection did not vest the latter with the legal and beneficial ownership of the funds represented thereby, nor did it have the effect of terminating the agency relation which the Fidelity bank sustained toward the Winters Bank, for whose account the collection was to be made.

The Winters Bank could, on the morning of June 21, 1887, have made a valid demand on the Drovers and Mechanics' Bank for the amount of the note so collected for its account. Before completing the collection by actually receiving the money from the Drovers and Mechanics' Bank or making counter charges and credits by which the funds would be placed in the Fidelity Bank, subject to the right of the Winters Bank to draw against the same, the Fidelity Bank became insolvent, suspended business, and its doors were closed.

This suspension and failure terminated or revoked its agency and authority to proceed in the matter, and the Receiver could not thereafter divest the Winters Bank of its right to the money collected for its account by the Drovers and Mechanics Bank by making entries on the books of the Fidelity Bank charging the Baltimore bank and crediting the Winters Bank with the amount of the note so collected. The debit and credit entries made by the Receiver can not operate to vest the Fidelity Bank with title to or ownership of the money, nor in any way offset the rights of the Winters Bank. When the Fidelity Bank failed and suspended, and its agency to collect for account of the Winters Bank terminated, the note or the money collected thereon was still subject to the control of the Winters Bank as the owner thereof.

The entries made by the Receiver after the suspension of the Fidelity Bank in no way change that ownership. This case on the state of facts presented by the petition is clearly distinguishable from that class of cases where a party sending a draft, check or note through his banker for collection, is credited at the time with the amount of such paper as cash, and has the right to draw against such credit before actual collection by the bankers. Where a bank and its customer treat checks, notes or drafts as cash, and place the amount of such paper to the credit of the depositor with the right to draw immediately upon such credit the bank may be considered as having purchased or discounted the paper and thereby become its owner. The present case does not fall within the principle which controls that class of cases. The authorities on the question here presented have been carefully examined; but I have not deemed it necessary to review them in detail.

On the facts presented the principles of law which control the rights

of the parties are clear and well settled. See *Levi v. National Bank of Memphis*, 5 Dill., 102; *Berry et al. v. Wood*, 17 Mo., App. 245; *First National Bank of Crown Point v. First National Bank of Richmond*, 78 Ind., 951; *White v. National Bank*, 102 U. S., 568-661.

The conclusion of the Court is that the Winters Bank is entitled to the \$2,000 collected by the Baltimore Bank for its account; that the money having come into the hands of the Receiver should be paid over by him to the Winters Bank, to whom it rightfully and justly belongs.

The Receiver is accordingly so instructed.

USURY.

SUPREME COURT OF NEW JERSEY.

Carpenter v. National Bank.

"The limitation of two years within which suit may be brought against a national bank for taking usurious interest does not begin to run from the time of the agreement for such interest, but from the time of the receipt of the money by the bank.

—Action by David P. Carpenter against a national bank for taking usurious interest. The plaintiff's note, dated May 20, 1882, at six months, was discounted by defendant same day, the charge for discount being \$164.64. The plaintiff's note, dated July 10, 1882, at six months, was discounted July 25, 1882, the charge for discount being \$17.83. The plaintiff paid the defendant, twentieth April, 1883, \$6.79 for interest. The plaintiff kept an account at the defendant's bank, and at the time of discounting the first two notes was credited with the face of the notes less the discount charged. The first note was paid by the plaintiff, December 4, 1882; the second, April 2, 1883; the suit was begun December 4, 1884.

BEASLEY, C. J.—It is admitted that the transactions put in question by this proceeding were usurious; the only defense interposed being the contention that the two years limited by the act of congress within which a suit of this kind can be brought had elapsed before the inception of this action. The only point of difficulty in the case is to ascertain when, or upon what event, this period of limitation begins to run; the defendant contending that its starting point is the date when the notes were discounted, while the plaintiff takes the position that it is the time of the payment of the note, principal, and usurious interest. The theory of the defense was approved by the circuit court, and accordingly judgment went against the plaintiff, with respect to the claim resting on the two notes which had been discounted before the two years preceding the suit, and which had been paid within such period. Hence this writ of error.

The language of the national act thus construed is as follows: "The taking, receiving, reversing, or charging a rate of interest greater than is allowed by the preceding section, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. In case the greater rate of interest has been paid, the person by whom it has been paid, or his legal representatives, may

recover back, in an action in the nature of an action of debt, twice the amount of the interest thus paid from the association taking or receiving the same: provided such action is commenced within two years from the time the usurious transaction occurred." Upon analysis, this statutory provision will be found to create two distinct offenses, kindred in character, but visited by unlike penal consequences. The one is for reserving or charging the unlawful interest, and such act occasions "a forfeiture," in the words of the law, "of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon; and the other, when the forbidden contract has been executed by the payment of the illegal interest, in which event the party grieved is given the right to recover, by suit, double the money so unjustifiably executed." That this is the effect of this section, has been authoritatively declared by the supreme court of the United States in the case of *Barnet v. Bank*, 98 U. S. 555; and this decision has been since approved of by the same court in *Driesbach v. Bank*, 104 U. S. 52.

Observing, then, this effect of this act—that it provides distinct penalties for the two classes of usurious transactions—it is not difficult to perceive which of such transactions it designated in the section as the starting-point in the clause of limitation. The phrase is: "Provided such action is commenced within two years from the time the usurious transaction occurred." Which usurious transaction? Is it the transaction of agreeing for the usury, with which this suit has no connection, or the transaction of actually receiving the money, and which forms the foundation of the action? Looking closely into the matter, it becomes apparent that to conclude that the event, standing as the beginning point of the limitation, is the agreement for the usury, and not its receipt, is to do considerable violence to the statutory expressions. The act describes such event by the phrase, "from the time such usurious transaction occurred;" and the usurious transaction immediately preceding this, and being comprised in the same sentence, is constituted of the mere payment of the money; so that, according to grammatical usage, it is that transaction, being the next antecedent to the phrase, that must be regarded as its relative. And, indeed, we seem to interpolate the act when we say that the contract to take the usury is the event referred to, for plainly such contract, in the present case, was but the first step in the affair leading up to the final act of paying the money; so that, if we adopt the construction that the limitation runs from the time of the agreement, we vary the statutory language, and make the section read that the action must be brought within two years from the time the usurious transaction commenced to occur, and not, as the act says, from the time that it occurred.

These considerations have led me to the view, contrary to my first impressions, that this judgment should be reversed.



LEGAL MISCELLANY.

BANKS—CHECK.—A payee of a check has no right of action against a bank for refusing to pay him, although the bank held funds of the drawer sufficient to pay the check. Nor can the drawer be substituted for the payee as plaintiff in the action. [*First National Bank v Shoemaker*, S. C. Penn.]

BILLS AND NOTES—ACCEPTANCE—PRESENTMENT.—Where a bill of exchange is accepted and payable at a certain place, it must be presented there for payment, or a sufficient excuse offered for not so doing, or the drawer and indorser will be discharged. [*Brown v. Jones*, S. C. Ind.]

BILLS AND NOTES—NEGOTIABILITY—PROVISIONS.—A note which states that, in case it is not paid at maturity, the payee may take and sell the property for which it was given, is non-negotiable. [*South Bend I. W. v. Paddock*, S. C. Kan.]

GUARANTY—WHAT CONSTITUTES.—Where A buys notes from B upon the statement that he knows them to be good, B is liable to A as a guarantor. [*Union N. Bank v. First N. Bank*, S. C. Ohio.]

INTEREST.—The holder of past due negotiable paper is not entitled to interest upon arrears of interest from the maturity of the obligation. [*Buchtel v. Mason*, S. C. Mich.]

BILLS AND NOTES—ACCOMMODATION—DIVERSION.—Where several parties sign a note as accommodation makers and leave it with the principal, who delivers it for value to another party, who after maturity transferred it for value, when the payee indorsed it to vest title in the then holder, all the makers of the note are liable to the holder. [*Meeker v. Shanks*, S. C. Ind.]

BILLS AND NOTES—CHECK—INDORSEMENT.—Where the maker of a check, payable to his own order at a bank, has it certified by the bank, and then delivers it to A without indorsement, the bank is not liable thereon to A. [*Lynch v. First National Bank*, N. Y. Ct. App.]

BILLS AND NOTES—INDORSEE FOR COLLECTION.—An indorsee for collection of a promissory note may sue on it, but it is subject to all the equities against the payee. [*Wilson v. Tolson*, S. C. Ga.]

BILLS AND NOTES—INTEREST.—Where a note calls for ten per cent. interest per annum till maturity, after that date the note only calls for legal interest. [*Hamer v. Rigby*, S. C. Miss.]

BILLS AND NOTES—PAYEE AS PURCHASER.—Where A owing B a note of \$750 induces C to give B his note of \$1,000, B surrendering the note for \$750 and paying C \$250, B is a *bona fide* purchaser for value of C's note. [*Gagle v. Lane*, S. C. Ark.]

BILLS AND NOTES—PROTEST—WAR.—Where an indorser of a note was absent at and prior to the protest of the note, leaving his house with servants, and not returning till after the war, if his absence was known, or with reasonable diligence could have been known to the holder, the notice of protest left with the servant at the house was not sufficient. [*Alexandria, etc. v. McVeigh*, S. C. App. Va.]

BANKS—CHECKS—LIMIT.—Where defendant was allowed to draw on a bank, notice by him not to allow his account to be overdrawn beyond a certain amount, would not authorize a refusal of checks drawn by his authority, nor prevent a recovery therefor from him by the bank. [*Bremer C. Bank v. Mores*, S. C. Iowa.]

BILLS AND NOTES—FAILURE OF CONSIDERATION.—A defense by the maker of a note in a suit by the payee that it was for the deferred payment for land purchased, and that plaintiff had failed to deliver the deed as promised on the cash payment, but had given a deed for a part of the land, and the remainder was not worth the cash payment, is good. [*Cooper v. King*, S. C. Iowa.]

BILLS AND NOTES—MAKER—SURETY.—A payee of a note is not bound to regard the equitable rights of a joint maker, who is in reality a surety for another, until notified thereof. A failure to sue or to try to collect the note at the request of a surety, does not discharge the surety. [*Benedict v. Thoe*, S. C. Minn.]

BOND—CONDITIONAL DELIVERY—LIABILITY.—Where sureties sign an official bond and deliver it to a third party, the principal agreeing that other sureties shall sign it before delivery, and the principal induces such third party to deliver it to him, and he presents it without other names, and it is accepted, the sureties are liable. [*Taylor Co. v. King*, S. C. Iowa.]

BOND—STATE—LIEN—NOTICE.—The lien of the State on the land of a surety on the bond of a bank to the State as a depository of its funds, exists from the execution of the bond, and a purchaser is bound to take notice of it. [*Simpson v. Mathis*, S. C. Ga.]

BANK—NATIONAL BANKS—FRAUD.—Where the president of a national bank bought stock of that bank, for which he failed to pay, it was held, upon conflicting evidence of the facts, that the bank could not be held responsible as buying its own stock by such a bank, except in cases of necessity, is prohibited by statute. [N. Y. Ct. App.]

TAXATION—BANKS—DEDUCTION FOR DEPOSITS.—A bank cannot have the amount of its deposits deducted from its taxes, unless it furnishes the sworn statement required by law. [*Oregon, etc. Bank v. Catlin*, S. C. Oreg.]

NEGOTIABLE INSTRUMENTS—BONA FIDE HOLDER—TRUST—DEED—CONSIDERATION.—A *bona fide* indorsee for value of a note given for the purchase money of land is not affected by the failure of consideration, although the defendant relied upon the deed of trust securing the note upon the land. An indorsee who receives a note without recourse is not barred of his recourse against the maker. [*Mayes v. Robinson*, S. C. Mo.]

NEGOTIABLE INSTRUMENT — CONSIDERATION — SATISFACTION.—Where, in an action on a promissory note, the defendant avers and proves that he had performed his share of the terms of an agreement which was a complete satisfaction of the note: *Held*, to constitute a good defense as the agreement did not vary the written contract. [*Tucker v. Tucker*, S. C. Ind.]

RECOLLECTIONS OF AN OLD BANK CLERK.

Impressions of events in our youthful days are much more vivid than those of a year or two back. In youth the mind is free to receive and hold what in middle age leaves little or no trace behind. I have the most distinct remembrance of my first day as junior in the Bank of Nova Scotia early in 1855. Christmas holidays were over, and instead of going back to school (or rather to the academy taught by George Munro, now millionaire publisher and college benefactor), I was recommended by my friend Dr. Forrester, the Father of Common Schools in Nova Scotia, as a likely youth to make myself generally useful in a bank. We were bank clerks then, they are all "bankers" now! Was I not to be envied?—£40 a year—hours from 10 to 3—nothing to do. That was imagination, but the reality, as experienced on the opening day, was something different. When the hour of three struck on the big bank clock nobody seemed in a hurry to go; four o'clock followed—the work still went on; five came—lights were brought, more fuel heaped on the fire; six rang, when the junior was informed he could have a half holiday, and would learn to work late by and by. That lesson was soon learned, but plenty of work does not injure any aspiring youth, at least it never hurt me. Still that first day brought a demolition of pleasing castles in the air, of ease and abundant leisure. What a change 33 years has brought. In 1855 one private bank of unknown capital, one branch bank of limited business, one incorporated bank with £140,000 currency capital, and two agencies. To-day, five chartered banks and two large branch banks, nearly four millions of paid-up capital, sixty agencies, stretching from Cape Breton to Minnesota, St. Pierre to Bermuda, grasping nine-tenths of the banking business of the Maritime Provinces and adjacent countries. In whatever respect Halifax has shown want of enterprise certainly it is not in the banking business.

But you don't want statistics. It gives rise to reflections other than joyous to recollect that every president, director, cashier, and with two exceptions, every clerk who was in the banking institutions of Halifax, when I entered the service, has since passed away and handed in his final account. We young bank clerks used to look with reverence and awe upon the venerable men who controlled the destinies of financial concerns. As business was done in a leisurely way, there were only two discount days per week, Mondays and Thursdays. Three o'clock was the hour of meeting, giving plenty of time to discuss politics and general news after the sheet was marked. Every director was expected to be in his place when the clock struck three, and the first duty was to enter the initials of his name in the book which governed the distribution of the annual allowance. One name was never absent from the roll, never out of the city, never sick, never known to be late; his share of the allowance always topped the list. But on one occasion our punctual director's watch was slow, the hour struck, the doors were closed, the board met, the well-known seat empty. The attendance book was hastily initialed and closed, the amount to be loaned announced, the first offering considered. Meantime a great tumult of pounding and shaking the outside door is going on, a rush for the latch key, the inner door opens and the missing director appears, covered with perspiration. On hastily opening the parlor door the president quietly said "too late," the whole board raised a chorus of laughter, the *late* director indignantly retired, as he could not get his day's pay he would not sit. This little

incident in the way of a practical joke showed that the grave and dignified personages were not above enjoying a bit of fun at the expense of one of their number.

Counting the cash was "pic-nic day," even the coppers in the teller's tray were counted. Every day a high lunch with good port and sherry. Four days for counting the cash, five minutes given to the balance sheet. A bottle of ale was sent out to the clerks on one occasion, it was kept by them for a long time as a curiosity and something better obtained from a neighboring wine cellar and charged to "wax candles."

"What is the duty of the cashier?" was asked of one gentleman occupying that position. The reply was, "To carry out the instructions of the directors." Another cashier of tougher material, to whom the same query was addressed, answered, "To run the bank." Which is the correct answer?

In my early banking experience in one bank the cashier was only the head book-keeper, in another he was receiving and paying teller. A youth making his first deposit or a countryman getting a check cashed was met with the peremptory demand, "take off your hat, sir," which was in most cases responded to with alacrity. Occasionally some sturdy old John Bull citizen would bluntly refuse, on the ground that the bank office was a public place, so gradually the demand ceased, and customers of the bank were allowed to keep the head covered. Overpayment of money would not be acknowledged. "We don't make mistakes here," was the response when any overplus was tendered.

A note was offered for discount by a young merchant not then long established in business, but who died since, very wealthy. Though there were several names on it, yet according to the custom of the day another name was asked for, and a decent brewer added his signature to help the note along. Hopefully the young merchant exhibited the reinforced paper, but to his consternation it was handed back with the remark that it was some good when offered before, but the last name had d—d it altogether.

Forgeries were not so frequent then as now, but they were not unknown. Several checks bearing well-known signatures, all forgeries, were cashed one day at two banks. These were so well done that it was no wonder they passed the close scrutiny of the various tellers and the ledger keepers. We had our suspicion of the clever forger. Hutt, the detective, agreed with the opinion of the bank's officers, but the crime could not be brought home to the suspected party, who now walks the streets of Boston. Notes with supposed forged endorsers were always promptly lifted, never laid over. The modern practice of notifying endorsers when notes are discounted was not then in vogue. People were much more punctual in paying notes than they are to-day. To be unable to pay a note the day it fell due was almost tantamount to putting up one's shutters. It was considered a sign of great weakness to give notes for tradesmen's accounts. How would that doctrine hold good now?

Gold was the life blood of the bank. There were no thousand-dollar government bills to make easy settlements at the end of the month. Any customer asking for gold was looked upon as an enemy of the bank, and was shut down upon in the discount book, or asked to withdraw his account. A merchant wanted a few sovereigns and presented £20 in the bank's notes for exchange, but was refused. He showed independence and vowed that somebody should suffer. Waiting on a smart, rising young barrister, the merchant inquired if the lawyer was particular whom he sued. Like the fraternity in general, he stated his

readiness to sue his father-in-law or anyone else in way of business, provided he was paid for it. Proceedings were commenced, when the young lawyer was summoned to the bank and informed it was a very serious error on his part, and an act of the most consummate folly for a young man beginning professional life to place himself in antagonism to a great monetary institution, one wielding such a mighty influence in the community, and he was warned of the dreadful consequences of his temerity. His reply is not recorded, but it is reported that some good advice was tendered to the bank authorities for which he was not paid, and though curtly dismissed and told to return to his office and ponder over the enormity of the offense and danger of professional, financial and social ruin which was imminent, the twenty sovereigns, twenty drops of the heart's blood of the bank, were sent by the hands of the messenger, and the right of the note-holders to gold on demand was never afterwards questioned.

Monthly settlements were made between banks with bags of sovereigns, and it not unfrequently happened that the bags which left a vault in the morning returned again before noon, counted or weighed, perhaps three or four times. One month the drain of gold had been heavy, an expected box from the Bank of England had not arrived, and settling-day was very near. President and cashier knitted their brows, the discount sheet was slaughtered but not much relief came. All the other bank's notes that could be scraped together were sent in, still the position was not a safe one. As luck would have it, a heavy remittance of notes of a country bank came in the day before the last of the month. These were not available, as the weekly exchange of notes had been made, but one clerk volunteered to work the oracle and the country bank's notes were duly presented at its own counter and turned into gold and checks on Halifax which made the settlement easy. Province £1 notes were voted a nuisance by the banks, not being redeemable in coin, and moreover were generally as ragged and dirty as the present Dominion dollar currency. Strangers needing coin to carry away for these notes applied in vain to the Provincial Treasury and were obliged to buy foreign exchange at stiff rates.

During a scare of some kind a run was made on the Government Savings Bank, which paid out this irredeemable paper for which the holders could not get gold, neither could they rid themselves of the notes, as the Savings Bank would not re-open these accounts. The chartered banks did not want the notes, and so the poor people were obliged to fill their stockings with the irredeemable paper until the excitement passed away. At the same time some of the banks made arrangements with the military authorities in case of need to provide safe-keeping in the citadel for the cash and other valuables, and empty kegs were actually obtained from one of the breweries in which to pack the money.

Halifax largely supplied some of the New Brunswick banks with specie in exchange for sterling bills. Windsor was the landing place of the steamers from St. John. Halifax boasts of the fact that no bank ever failed or suspended payment for one day, even when banks in the United States and Canada were obliged to stop for a time.

At Christmas and the New Year the whole staff, from the president to the messenger, would meet around a couple of bottles of wine provided by some thoughtful customer, and pass the compliments of the season. We never thought of separating without a hearty shake of the hand, but even this has become obsolete in the modern bank.—*J. C. Mackintosh, in the Toronto Monetary Times.*

HARPER'S SPECULATIONS.

Harper's first deal of any consequence on the Chicago Board was in 1880, when he made a dash at pork through the firm of Howard, Eckert & Co. (afterward Wilshire, Eckert & Co). On this occasion he scooped in a large pot of money—probably \$200,000. He was then thirty-two years old. In the fall of 1881 he began buying wheat through W. E. McHenry & Co. He bought steadily from \$1 down to 92 cents, and when the contracts matured on the 1st of May he took the wheat, between 2,000,000 and 3,000,000 bushels, and paid for it. At that time he had a handsome profit in the deal, as the price on the 1st of May was \$1.02 to \$1.03.

In the following June he turned up as the representative of a Cincinnati syndicate composed of himself, George Wilshire, president of the Third National Bank; Joe W. Wilshire, Chatfield & Woods, paper manufacturers, and Truman B. Handy. Each of these parties (Chatfield & Woods being considered one) had a fifth interest in the syndicate. They built a great corner on Harper's cash wheat; and the deal culminated in the famous August corner known as the "Handy corner." Wheat was advanced to \$1.38, which was the bid price on the last day of August, 1882. The syndicate cleared up \$2,000,000 on the deal. McHenry did most of the brokerage through J. W. Preston. W. T. Baker, Henry Warren and others had some of it. Harper admitted that on his earlier deal, and on its continuation as a syndicate deal, he had cleared \$780,000 net.

The price of wheat broke to \$1.20 when the syndicate let go, but began to advance immediately. At \$1.25 Harper took the bear side in order to make "my winnings an even \$800,000," as he put it. Handy had quarreled with Harper in settling up their trade, and would have nothing to do with him. The others probably went with Harper, though the fact could never be proved. At any rate Harper shorted the market from \$1.25 to \$1.40, his line aggregating about 6,000,000 bushels. He had put up something like \$500,000 in the shape of margins, and McHenry and Preston, who had in the meantime consolidated in one firm, had advanced out of their own funds about \$300,000. They had paid Harper and his associates nearly \$2,000,000 in profits a month previous, and had unlimited confidence in them.

When the market reached \$1.40 Preston & McHenry began to grow suspicious, and they made a peremptory demand for additional margins. Harper, who had spent most of the spring, summer and fall in Chicago, personally directing his deals, promised faithfully to have the money here in two or three days. The Monday morning after the Garfield funeral, wheat opened at \$1.41 to \$1.42, and, no money having arrived, Preston & McHenry began buying in the 6,000,000 bushels of short wheat for Harper's account. The price climbed to \$1.48½, at which point came the crash. Preston & McHenry went to the wall, and Harper sobbingly informed them that he was heartbroken over his inability to do anything for them, though confessedly worth more than \$1,000,000 at the time, and having \$300,000 in profits on a previous deal left untouched.

A more cruel piece of business was never perpetrated. Preston died in two or three years of a broken heart, having lost his whole for-

tune on account of Harper's duplicity, and McHenry was left \$200,000 or \$300,000 worse off than nothing, whereas he had been worth \$350,000 ninety days before. With the history of the tedious and profitless litigation against Harper, by which the swindled brothers tried to get something out of him, the public is familiar.

There is one feature of the last summer's deal that has never been published, and that is the attempt made by Harper to quit the deal in June, get a big profit and leave Wilshire, Eckert & Co., C. J. Kershaw & Co., and Rosenfeld & Co., to hold the bag. His deal had two arms. He operated one through Hoyt and the other through Wilshire. Hoyt traded through Irwin, Green & Co. and C. J. Kershaw & Co., and Wilshire through Kershaw and Rosenfeld. He had about \$1,000,000 profit on the Hoyt end of the deal. Kershaw was pressing him for margins, and he threatened to transfer his trades through Kershaw to another house. One day, about ten days before the crash, Kershaw received orders to transfer his trades, about 10,000,000 bushels in all, to Rosenfeld & Co., clear up the deal and turn the profits over to Hoyt. "Very well," said Kershaw, "deposit to my credit \$1,000,000 to secure me on the trades I have for account of Wilshire and Hoyt on the floor, and I will turn over the trade." This curt answer blocked Harper's game, and to Kershaw's stand the trade may congratulate itself on being just \$1,000,000 better off than it would be if he had followed Harper's instructions. It was Harper's purpose to pull out the \$1,000,000 through Hoyt and leave every body else in the hole, if it should develop that the deal could not be carried through. This is now plain, and it was apparent to Kershaw at once, for within twenty-four hours after his refusal to transfer the Cincinnati wheat without indemnification the Hoyt and Wilshire accounts were consolidated. Then, for the first time, it was known to a certainty that both branches of the deal had one father.

Harper swore point blank in 1882, and several times afterward, that he had never given an order in the Handy deal, though he was here for months personally attending to the details with Handy. He swore just as positively last week that he had never given orders for the purchase or sale of wheat in the June deal. In both instances he committed rank perjury.

It is probable that the discovery of Harper's attempted trick to slide out of the deal and leave his brokers alone to suffer for the collapse of the deal may have induced Joe Wilshire to go on the stand to testify against his principal. It is known that this phase of the case was presented to him as good ground for breaking loose entirely from the treacherous banker.

It is publicly known that during the deals of the Cincinnati syndicate in 1881-1882, the Third National Bank was almost as completely gutted as the Fidelity was last summer, but the gamblers were enabled to make the deficit good in that instance. It was distinctively a Third National deal.—*Chicago Mail*.



THE TAXATION OF RAILROADS.

The New York & New England report calls attention to the heavy burden of taxation imposed upon the railroad. Its taxes amounted to \$213,000, or over eleven per cent. of the net earnings, and about fifty per cent. of the surplus above fixed charges. This looks like an exceedingly large amount. But its unfairness seems to us to be the misfortune of the New York & New England Railroad rather than the fault of the Connecticut tax law. This law is somewhat peculiar, but in principle at least it is exceedingly good.

Almost all persons who have investigated the subject of railroad taxation agree that taxes should be assessed against corporations as a whole, and that they should be based on earning power in some form. The attempt to collect the tax from the individual stockholders or bondholders fails because such holdings are so carefully concealed from the assessors. The attempt to assess the individual pieces of property separately fails because the pieces of property have not a separate value. There was a time, not many years past, when, to quote the report of an official committee of investigation, the difference in the assessment of the New York Central & Hudson River Railroad, where for all purposes that the road can be used it is of the same value to the company, was \$24,000 per mile. In other words, some localities assessed the company's real estate on the same basis as the surrounding real estate, others assessed it for its value as a trunk line. The difference between its value as cow pasture and its value as trunk line was quite sufficient to account for the difference. For local valuation the surrounding real estate furnishes the only proper standard. But this is manifestly inadequate. The road must be valued as a whole; and for this means State assessment—at least for most of the property—is better than local.

But on what principle shall State assessment be based? In many States the local assessments are corrected by a State Board of Equalization which exercises a pretty wide discretion in the matter. In a few others the State Board values the property in detail and then makes general corrections of its own result on some other standard. In New Jersey, for instance, the cost of duplication of the property is estimated, and then certain rather arbitrary corrections are made for the additional value of the franchise. But these methods are all somewhat cumbersome. It is better to take some method of estimating the value of the property as a whole, which may not be more correct but at any rate shall be more machine-like and automatic.

One favorite method is to base taxation on gross earnings. This is the Michigan system, and has the merit of simplicity and certainty. Its practical working is so convenient as to commend it to many of those who know most about the difficulties of the subject. But there are one or two serious objections to it. An obvious trouble is that it operates unfairly to a road whose expenses form a large proportion of its earnings. A less obvious but perhaps more serious difficulty is that it tends to prevent reductions in rates. Any such reduction usually increases gross earnings and operating expenses both. It is in the highest degree desirable for the community as well as for the railroad that such reductions shall be

made as long as they do not interfere with net earnings. But the attempt to base taxation on gross earnings makes it a positive disadvantage for a road to handle a large traffic at low rates. A tax on net earnings becomes a burden only when the railroads are in a position to bear it. A tax on gross earnings burdens them not so much in proportion to their ability as in proportion to the amount of work that they do for the public.

But how shall the amount of net earnings be determined? In some States an effort is made to ascertain the amount directly; but the history of the contracts between the government and the Union Pacific shows the uncertainty involved in any such process. The difficulties in the way of such a method of assessment are almost decisive against it. It is better to ascertain indirectly the presumable amount of earning power. This is what the Massachusetts system attempts to do. Under this method railroads are assessed on the market value of their stock. If we deduct from this market value the valuation of property not used for railroad purposes and therefore locally assessed, the difference represents the public estimate of the value of the railroad as a whole. It may be wrong; but it is at any rate the best obtainable estimate, and one which is made for purposes entirely independent of the State authorities. It is scarcely less simple than the Michigan system, and is in some respects fairer.

The Connecticut system differs from that of Massachusetts in assessing railroads on the market value of their stock and debt instead of their stock alone. This seems at first sight unfair, but a single instance will show that it is sound in principle. Suppose that two railroads have each cost \$15,000,000 and are paying a fair return on the investment, so that their stock and bonds stand approximately at par. One road has \$5,000,000 stock and \$10,000,000 bonds. Under the Connecticut system the two would pay the same amount of taxes, which is right. Under the Massachusetts system the second road would pay twice as much as the first. Theoretically of course the difference might be made up by assessments on the bondholders; but practically we know how large a proportion of railroad bonds evade payment of taxes altogether. Now this difference is not merely unfair in itself, but it makes it desirable for railroads to have as large a proportion of debt and as small a proportion of stock as possible. Any one can see that this is bad. For various reasons the practical effects in Massachusetts have not been very great but the tendency exists, and if the system prevailed over the whole country its results would be serious. If the valuation of the securities is to be taken as an indication of the earning power of the property—and that is the theory of the Massachusetts system—the tax should be based on the valuation of all securities, as in Connecticut, and not a part of them only, as in Massachusetts.

The New York & New England is in a specially unfortunate position under the Connecticut law, because it has a large bonded debt contracted at high rates of interest, and at the same time a stock which is valuable for purposes of controlling the property independent of its probable earning power. We do not think all this constitutes a good ground of complaint against the law. The fact that the railroad can pay its heavy interest charges and still have something left shows that the earning power of the property is high. The fact that a certain set of men deem it important to control the company independent of its earning power or of its value as an invest-

ment is doubtless unfortunate for them, but it does not seem to us a legitimate ground why they should be exempted from taxation. The very fact that the Connecticut system of taxation renders purchases of stock for purposes of control a costly luxury, is rather in its favor than otherwise.--*Railroad Gazette*.

A NATIONAL BANK BILL.

The following is the text of the bill to perpetuate the national banking system introduced by Senator Farwell:

Whereas, the rapid redemption of United States bonds is endangering the perpetuity of the national banking system of the United States as provided for by title LXII. of the Revised Statutes of the United States and the acts amendatory thereof and supplemental thereto:

Be it enacted, etc.:

That every national banking association which has heretofore been organized, or may hereafter be organized, under title LXII. of the Revised Statutes of the United States and the acts amendatory thereof and supplemental thereto may, in lieu of the registered bonds of the United States required by section 5,159 of the Revised Statutes of the United States to be transferred and delivered to the Treasurer of the United States, transfer and deliver to the Treasurer of the United States any State or municipal bonds, or any first mortgage railroad bonds of the United States, upon which interest has been heretofore promptly paid, and whose market or cash value is equal to or greater than their par value, bearing interest at a rate of not less than four per cent. per annum. And all of the provisions of said title and the acts amendatory thereof and supplemental thereto, shall be applicable, so far as may be, to the bonds herein provided for, in the same manner as to United States registered bonds. Provided, that the Treasurer of the United States shall not receive such State or municipal bonds at more than seventy-five per cent. of their par value, nor shall the Treasurer of the United States receive any such first mortgage railroad bonds exceeding in total more than the amount of \$500,000,000, nor shall he receive them at more than fifty per cent. of their par value. Provided, further, that the Treasurer of the United States shall not receive such State, municipal and first mortgage railroad bonds until such bonds shall have indorsed upon them the approval of the Secretary of the Treasury and the Controller of the Currency.

SEC. 2. That whenever any association shall have deposited with the Treasurer of the United States such bonds as are authorized by this act, circulation may be issued thereon only in the proportion at which they are authorized by this act to be received by the Treasurer of the United States.

SEC. 3. That whenever any association shall have deposited bonds of the kind authorized by this act as a basis of circulation, the Secretary of the Treasury may have plates and dies engraved and circulation notes printed in accordance with section 5,172 of the Revised Statutes of the United States, except that such notes shall not purport to be secured by United States bonds, but shall express upon their face that they are secured by collateral bonds deposited with the Treasurer of the United States. Provided, that whenever any association in existence at

the time of the approval of this act to whom circulation shall have been issued, shall desire to deposit the bonds authorized by this act in lieu of United States bonds previously deposited, the Secretary of the Treasury shall collect from such association the cost and expenses of making such change, including the cost of making and engraving the plates and dies aforesaid.

SEC. 4. That section 5,230 of the Revised Statutes of the United States be amended and re-enacted so as to read as follows: "Whenever the Controller has become satisfied by the protest or the waiver and admission specified in section 5,226 of the Revised Statutes of the United States, or by the report provided for in section 5,227 of the Revised Statutes of the United States, that any association has refused to pay its circulating notes, he may, instead of canceling its bonds, cause so much of them as may be necessary to redeem its outstanding notes to be sold at public auction in the city of New York, after giving thirty days' notice of such sale to the association, or he may, in his discretion, proceed in the name of the United States of America in the proper Circuit Court of the United States to collect such bonds as fast as they shall mature. For any deficiency in the proceeds of all bonds of an association, when thus sold or collected, to reimburse the United States the amount expended in paying the circulating notes of the association, the United States shall have a paramount lien upon all its assets, and such deficiency shall be made good out of such assets in preference to any and all other claims whatsoever, except the necessary costs and expenses of administering the same."

MAINE SAVINGS BANK STATISTICS.

in the last report of Hon. Fred. E. Richards, Bank Examiner of Maine, the following interesting statistics of the savings banks of that State are given: The number of savings banks in the State has increased to fifty-five. The whole number of depositors Nov. 1st was 119,229, of which 95,403 represent a deposit of less than \$500 and 23,826 represent a larger average. The number of depositors has increased during the year 4,538. The accounts of less than \$500 deposits have increased 4,455, while those above \$500 each show an increase of only 83. The average balance to each depositor is \$325.58, an increase for the year of 1.19 in each account.

The aggregate of deposits Nov. 1st, 1886, was.....	\$37,217,071.40
May 1st, 1887, it was	38,247,470.89
Nov. 1st, 1887, " "	38,819,643.22
The increase during the first six months was	1,032,399.49
And the last half of the year	572,172.33
And the total increase for the year	1,604,571.82
The Reserved Fund has increased during the year	79,980.06
And amounts to	1,438,730.66

Regular semi-annual dividends have been paid by all the banks, as follows: Three banks, 3 per cent. per annum; four banks, $3\frac{1}{2}$ per cent. per annum; thirty-eight banks, 4 per cent. per annum; four banks, $4\frac{1}{2}$ per cent. per annum; one bank, $4\frac{3}{4}$ per cent. per annum; four banks, 5 per cent. per annum. The amount of these dividends was \$1,366,504.31, and at the close of the year there remained in the banks \$887,477.02 of undivided profits. The fifty-four savings banks have paid a State tax of \$252,725.96. This does not include the tax on deposits in the several trust companies.

ECONOMIC NOTES.

DISTRIBUTION OF GOLD AMONG THE NATIONS.

M. Leroy-Beaulieu has recently devoted two articles in the *Economiste Francaise* to the subject of the distribution of gold in the world, and the reserve of that metal at the Bank of France. He maintains that the loss of 26,000,000 francs of gold by the Bank of France in the months of August and September should not cause alarm, and that the bank might part with a much larger sum without inconvenience. The quantity of gold circulating in France, estimated by M. de Foville at 5 milliards (£200,000,000), is, he believes, more than is necessary, as it represents 151 francs per head of the population, while the circulation of that metal in the United States is only 52 francs per head. A movement of gold from countries in which there is a plethora of that metal to countries in which it is in insufficient quantity is, he is of opinion, natural and inevitable. The Bank of France lost 189,000,000 francs of gold between the end of September, 1886, and the same period in 1887, but the loss should cause no disquietude, if the situation in previous years is examined. In 1885, the maximum sum in gold held by the Bank of France was 1,175,000,000 francs, or 4,000,000 francs less than in 1887, and in December, 1881, the gold reserve was only 656,000,000 francs. It consequently doubled in six years, and notwithstanding the diminution in the last twelve months, the bank still holds 80 per cent. more gold than in 1881. M. Leroy-Beaulieu believes that France might well part with a milliard of gold (£40,000,000), and invest it in foreign securities, which would bring in 50,000,000 of francs of interest, instead of remaining, as at present, unproductive, while in a time of crisis those securities could be sold abroad and procure exchange on foreign countries. It was by those means that France was able to pay the war indemnity. If the loss of gold was too rapid, he would see no inconvenience in a rise of the rate of discount for a few weeks. The decrease in the Bank of France reserve of gold has been used as an argument by bi-metalists, who attribute it to the suspension of the coinage of silver. M. Leroy-Beaulieu replies that those who employ such an argument must forget that when bi-metalism reigned without restriction, the variations in the rate of discount were more frequent and violent than they are now. In 1857 the Bank of France rate was raised to 10 per cent., and in 1864 to 8 per cent., and the rate was never so steady as it has been since 1870.

GERMAN INVESTMENTS IN MEXICO.

We cordially welcome the investment of German capital in Mexican railway construction. Once let German money flow into this country for investment in railways, and German immigration will follow, and no better because no more frugal, intelligent and industrious colonists may be found anywhere than the Germans. German capital is largely invested here at present in mercantile business, and we believe that Germans will continue to control many lines of wholesale business. The Germans have driven the English out of important lines of trade, because of superior economy of methods. They are a patient, hard-working, sensible people. Frequently they marry women of the country and so identify themselves with Mexican interests. They are noted for their linguistic talents, and acquire Spanish in a perfection unknown to either Americans

or Englishmen. They do not come here to meddle with the politics of the country, and they contribute of their precise knowledge to the advancement of the nation in the arts of peace. We regard them as most valuable acquisitions to the nation, and would be glad to see verified current rumors regarding their entering into the domain of railway construction here.—*Mexican Financier.*

THE GOLD PRODUCTION OF VICTORIA.

The Victorian Blue Book, containing the reports of the mining registrars of the colony for the quarter ending the 31st of March, 1887, recently issued, gives the production of gold for that quarter as 147,034 ounces, as compared with 174,108 ounces in the first quarter of 1886, there being thus a decrease in the yield of 27,074 ounces, equivalent to a money value of £108,296. In the opinion of the Secretary of Mines, this large falling off is, "to some extent, to be accounted for by the fact that the last quarter of the year is what is known as the 'Christmas quarter,' during which, as is well known, special efforts are made by many mining companies to swell the yields." But why this should have affected the first quarter of this year so very much more adversely than the first quarter of 1886 is not apparent, and on this point the secretary has nothing to say. Another adverse influence is stated to have been "the state of suspense in which companies who hoped to participate in the prospecting vote were held during the greater part of the quarter;" and as that state of suspense had been brought to an end, it was hoped that the renewed activity would result in an increased output during the June quarter. The area of auriferous ground actually worked upon during the March quarter of this year is returned at 321 square miles, being about five square miles more than the area worked upon during the previous quarter; but the mining population of the colony, which is estimated at 25,070, shows, as compared with the previous quarter, a decrease of 144 in quartz mining, 11,600 miners are employed, and 13,470 in alluvial mining.

GOVERNMENT ACCOUNTS WITH THE INDIANS.

In the report of the Secretary of the Interior the following description is given of the federal account with the Indians:

The liabilities of the United States to Indian tribes under treaty stipulations, taking as the basis, where no specific sums are stated in the treaties, the amounts appropriated last year, are as follows: Permanent annuities, \$349,251.98; temporary annuities for specific periods, \$5,871,666.62; temporary annuities payable at the pleasure of Congress or the President, \$1,178,010; total, \$7,398,928.60. There was on deposit in the treasury on November 1, 1886, of the proceeds of sales of Indian lands, the sum of \$7,698,334.19. From the same source \$1,642,815.91 was received during the year ending November 1, 1887, making a total of \$9,341,150.10. Disbursements were made from this fund during the same period to the amount of \$246,688.27, leaving a balance to that account on November 1, 1887, of \$9,094,461.83, of which \$8,922,188.73 bear interest in lieu of investment; the remainder, \$172,273.10, being available for expenditure for benefit of the Indian tribes to whose credit it stands. The funds belonging to Indian tribes which remain invested in State stocks and other securities held by the Treasurer of the United States as custodian, amount to \$1,798,016.83½. The additional sum of \$84,000 is carried as invested in bonds abstracted. The interest on the invested funds is paid regularly only on \$280,000 bonds of the United States issue to the Union Pacific Railroad, and \$8,350.17 Maryland State stocks

On all of the balance, \$1,593,666.66 $\frac{2}{3}$, except \$1,000 represented by an abstracted bond, Indiana stock, interest is annually appropriated by Congress to the amount of \$94,940. During the past fiscal year the United States has been reimbursed to the extent of \$162,870 on account of such appropriations as follows: By \$3,330 withheld by the treasury from payments due the State of Louisiana; \$6,000 paid by the North Carolina Railroad Company on certain North Carolina State stocks, and \$153,540 paid by the Nashville and Chattanooga Railroad Company, being unpaid interest on \$512,000 Tennessee stocks already redeemed.

THE KIND OF MONEY A NATION WILL USE.

One needs but to stand for a brief time at the marts of trade in countries of varied degrees of civilization, to quickly recognize and understand, that the kind of money a country will have and use, depends upon and will vary with, the extent and variety of its productions, the price of its labor, and the rapidity and magnitude of its exchanges; and investigations will further inform him that when mankind, savage, semi-civilized, civilized, or enlightened, find out by experimentation what metal or other instrumentality is best adapted to their wants as a medium of exchange, that metal or instrumentality they will employ; and that statute law can do little more than recognize and confirm the fact. In truth, legislation in respect to money, as is the case in respect to other things, never originates any new idea; "but merely enacts that that which has been found beneficial or prejudicial in many cases, shall be used, limited, or prohibited in all similar occasions within its jurisdiction." Thus, in all countries where prices are low, wages small, transactions limited, and exchanges sluggish, nothing more valuable can be used as money for effecting the great bulk of the exchanges, than copper; and in countries like Mexico and China, even the copper coin corresponding to the American "cent," the English "half-penny," and the French "sou," is often so disproportionate in point of value to the wants of retail trade, that in the former country it is made more useful by being halved and quartered, and in the latter is replaced with some even cheaper metal, as iron, or spelter. The wages in all such countries do not in general exceed twenty to twenty-five cents per day, and the sum of such wages, when represented in money, must be capable of division into as many parts in order to be exchanged for the many daily necessities of an individual or a family. But with wages at twenty-five cents per day, the use of coined gold would be obviously impracticable. The equivalent of a day's labor in gold would be too small to be conveniently handled; the equivalent of an hour's labor would be smaller than a pin's head. And in a lesser degree would be the inconvenience of using coined silver for effecting the division of similar small wages.—*David A. Wells, in Popular Science Monthly.*

THE ECONOMIC VALUE OF FORESTS.

Doubtless you have all seen, during the last ten years, numerous references in newspapers, magazines, etc., to the necessity of forest preservation. This plea, however, even in this country, is not as novel and of as recent date as may be imagined. As far back as our colonial times the fear of an exhaustion of lumber supply alarmed New England legislators, and as early as 1801 the Massachusetts Society offered its prizes for timber planting. We may smile over the fears of those times, when railroads had not yet revolutionized methods of transportation, bringing the whole world under contribution for supplies. Yet, while those years were premature, they were nevertheless prophetic, and the very

railroads which have opened up the vast forest areas of the Northwest have brought rapidly near to us the possibility of a time when a scarcity of wood may be felt. For the haulage over so long distances of so bulky freight, in addition to other obstacles, allows only a small amount of the timber growing in those distant forests to be profitably moved to market, and from fifty to sixty per cent., often even more, of the trees cut is left in the woods to rot or to furnish food for the yearly conflagrations. Even now, in the more remote lumber camps, any part of a tree less than one foot in diameter is considered unprofitable, and is left in the woods. But while the fear of those early alarmists is with renewed force and upon a more reasonable basis again pressed upon us, other considerations besides a waning lumber supply compel our attention to forest preservation. A vague idea that some connection existed between the forest cover and the climatic conditions of a country has been prevalent from olden times. "The tree is the mother of the fountain," or "the father of the rain," are significant expressions of the sages of old. But it was due to the representations of such eminent naturalists as Humboldt, Boussingault, and Becquerel, that the important and complicated part which the forest plays in the economy of nature was first clearly recognized. And now, in the light of recent scientific experiments and investigations, added to the historical evidence of earlier times, we are forced to consider the forests of a country in a fourfold aspect.—*Popular Science Monthly*.

WHERE GOLD SEEMED TO GROW.

A few weeks ago parties who reside in this city were making an examination of the old Sogg chute of the Merrifield mine, and found in one of the stopes of the abandoned upper works—which have not been touched for a period of twenty-two years—a piece of very rich quartz, which had been broken in two with a hammer and laid upon the foot wall, probably by some employe who intended to carry it away, but was prevented doing so. The two sections were lying about half an inch apart upon a highly mineralized clay. The fragments were carried to the surface and washed, and an effort made to join them together, when it was found to be impossible, the spurs of one piece refusing to re-enter the cavities to which they corresponded in the other, these cavities having partially filled with gold since the fracture was made. In some places a thin foliated film of gold had spread upon the surface of the rock, but the most noticeable formation was in the holes and fissures. When placed under a powerful magnifying glass it could be plainly seen that the two pieces were originally one, and that a new formation of gold had taken place, so that to join them accurately again was impossible. This quartz was laid, as before stated, alone on a bed of clay, and this proves that the gold-producing power is not confined to the rock and earth alone, but must exist in currents which are stronger in some parts of a mine than in others. But the process of gold growth is slow, and it requires ages to become large enough to make the formation in which it exists of value to the miner.—*Nevada City (Cal.) Herald*.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Jan. 3.	Jan. 9.	Jan. 16.	Jan. 23.	Jan. 30.
Discounts.....	7 @ 8½ .. 6½ @ 7½ .. 6 @ 7 .. 5¾ @ 6½ .. 6 @ 7				
Call Loans.....	6 @ 4 .. 4½ @ 4 .. 4½ @ 3½ .. 4 @ 2 .. 3 @ 2½				
Treasury balances, coin....	\$131,770.625 . \$131,369,247 . \$131,986,925 . \$132,339,375 . \$132,866,241				
Do. do. currency...	9,360,193 . 9,736,740 . 10,126,363 . 10,498,015 . 10,981,376				

BANKING AND FINANCIAL ITEMS.

THE HOUSE COMMITTEE on Banking and Currency have reported favorably Representative Dingley's bill authorizing the Secretary of the Treasury to invest the money deposited by national banks for the retirement of their circulation in the purchase of United States bonds at current market rates. The bonds so purchased, with interest accruing, are to be put in trust and used for the payment of the circulating notes of the banks which have deposited lawful money for such payment. The report states that the amount of money deposited in the Treasury for this purpose on January 1 was \$102,962,570. The amount deposited by insolvent and liquidating banks and banks reducing circulation (\$356,417,643) has contracted the circulating medium to that extent. The amount deposited by national banks whose charters had been renewed contracted the legal tender circulation \$46 544,867, but this did not change the volume of aggregate circulating medium, as the extended banks depositing lawful money to redeem their old circulation, took out new circulation to the same amount. Inasmuch as this trust fund not only withdraws needed currency from business uses, but also deprives the public unnecessarily of the income that may be derived from so much of the fund as may not be required for some time to redeem the circulating notes, the committee reports the bill favorably, with an amendment limiting to 85 per cent. the amount that may be thus invested, and authorizing the Secretary to sell the bonds so redeemed if it shall be necessary to redeem the circulating notes outstanding.

THE UNITED STATES TRUST COMPANY.—The United States Trust Company is making preparations for the erection of a handsome and costly building in Wall street, on ground recently purchased next door to its present site and towards Broadway. The new building will occupy a lot 59 feet by about 110 feet deep. Five architects, among whom is Richard M. Hunt, are at work on plans and specifications, some of which have been submitted to the building committee, composed of President John A. Stewart, George Bliss, of Morton, Bliss & Co., John Harsen Rhodes, president of the Greenwich Savings Bank, and Alexander E. Orr, chairman of the building committee of the Produce Exchange. It is probable that the cost of the building will materially exceed the sum of \$500,000.

HERKIMER, N. Y.—Recent developments in the case of Marcus W. Rosbach, the absconding cashier of the Herkimer Bank, show him to have been a most unscrupulous villain. At first it was the charitable supposition that he had squandered all or nearly all of his stealings in rash stock speculations, but now there are good reasons for the conclusion that he escaped with between \$30,000 and \$40,000 and had been preparing for his flight for some time. On a previous visit to New York it was observed at the Herkimer depot that his trunk was very heavy, but when he returned home it was apparently empty. When he left his home the last time his trunk again was very heavy. It is now known that he had dealings with other brokers besides Vermilye & Co. and the bucket shop in Herkimer, and that in settling with them he drew a large sum of money, somewhere near \$10,000, and the total of his stealings will probably reach \$100,000. How much has the Herkimer Bank and Rosbach's old partners lost? has become an interesting question. It is said that the attachment levied upon the funds in the possession of Vermilye & Co., amounting to over \$10,000, will be of little or no value, as Vermilye & Co. have made affidavit that they are not owing Rosbach anything. It is also rumored that the bank and Rosbach's old partners, the Hon. Robert Earl, Samuel Earl, and William Smith, will lose about \$40,000.

HOW THE SECOND NATIONAL BANK OF NEW YORK WAS SAVED—Mr. Ainos R. Eno has written the following letter to the *New York Commercial Advertiser* regarding this affair: "On Sunday, May 11, 1884, the situation of the Second National Bank was revealed to me. On Monday I consulted my counsel, Mr. Henry Day and at his suggestion I telegraphed Mr. William Walter Phelps, so that all the directors might be present. On Tuesday Mr. Phelps accompanied me

and my eldest son to Mr. Day's office, where we discussed the possibility of restoring the loss, \$2,945,000, and avoiding all publicity. With that object in view we arranged to visit the bank the same evening to examine the assets, but to our dismay, before 3 o'clock it was reported in Wall street that the Second National Bank was in trouble. We now appointed a directors' meeting to be held that evening at the house of Mr. Isaac N. Phelps. Here, after a full discussion, it was agreed that those present other than myself should pay \$345,000, and I should pay \$2,600,000. When the returns came from the clearing house the next morning there was found to be a further deficiency of \$95,000. No other directors being present, Mr. W. W. Phelps proposed to pay one-half of this sum, which he did, and I paid the other half. Subsequently, viz., on the 19th day of February, 1886, I returned to Mr. Phelps the \$47,500 with interest.

UTICA, N. Y.—The stockholders of the Utica City National Bank have voted to increase its capital stock from \$200,000 to \$400,000.

CHARLESTON, S. C.—Mr. George W. Williams, President of the Carolina Savings Bank, of Charleston, S. C., in a recent interview in regard to the reduction of the national banks of that city, says that a city of 60,000 inhabitants with a trade \$68,000,000, receiving 500,000 bales of cotton, besides large quantities of rice, naval stores, lumber, etc., with inexhaustible beds of phosphate rock and extensive fertilizing companies, a big cotton mill and bagging factory, with numerous local manufacturing, and a coffee importing company prepared to supply Charleston and the West with the coffee crop of Brazil—a city with all of these resources, ought to augment rather than decrease its banking facilities. While the national banks have reduced their capital from \$2,100,000 to \$650,000, the savings banks of Charleston, chartered by the State Legislature, have accumulated deposits to the extent of \$3,500,000. This handsome sum is now being used for investment and loans. There is also a large amount of private capital employed here in banking. But for these timely sources of relief the commercial interests of Charleston would indeed be in a deplorable condition. All admit that the National Bank Act, establishing banks, has given us the safest and best banking system that this country has ever had. But the national banks were war measures, created to make a demand for Government bonds. That object has been fully accomplished, and the banks are no longer a national necessity. The day is not far distant, I am sorry to believe, when we shall not have a national bank left. The Government is fast paying off its indebtedness, and it cannot and will not issue bonds to perpetuate banks.

BENJAMIN DOUGLAS, ESQ., has resigned the presidency of the First National Bank of Middletown, Ct., on account of ill health. He has held the position since the organization of the bank, twenty-four years ago.

MR. JAS. W. CONVERSE, who has been connected as director with the Mechanics' Bank of South Boston since its formation, August 18, 1836, has retired from the presidency, which he has held since 1847, thus closing a connection with the institution which has continued uninterruptedly for nearly fifty-two years.

COUNTERFEITERS TRAPPED.—An important arrest has been made in Luzerne County, Pa. One of the offenders was James Wilson, *alias* James Halan, of Dunkirk, N. Y., who was captured at Mill Creek, two miles from here. The other was Judd Wollcott, who was recently released from the penitentiary at Philadelphia, after serving twelve years for burglary. Three weeks ago Secret Service Officer McSweeney, of Pittsburg, came here and consulted with Deputy United States Marshal Baaring. He reported that Oneida Smedley, *alias* Bemuth, who was arrested at Northumberland last month for passing counterfeit money, had made a confession implicating Wilson and Wollcott as being leaders of a gang of six counterfeiters who were making and circulating the coin throughout the State. The officers at once set out to work up the case, and yesterday the counterfeiters were located. The scene of operations, which was in an old boat cabin at Mill Creek, was visited with drawn revolvers, just as Wilson was about to leave the cabin. He was handcuffed, and surrendered without a struggle, saying: "I am guilty; I guess the world will miss another man; I suppose its all up with me now." On his person was found a brace of revolvers and a lot of counterfeit coin. The cabin was then

searched, and a full and complete set of counterfeiter's tools, dies, leads, molds, and other material was found. Wollcott was located at Nanticoke this afternoon, and he was arrested in the post-office while calling for letters addressed to Wilson. He was brought here and placed in prison.

THE WAYNE COUNTY SAVINGS BANK OF DETROIT has issued its sixty-first quarterly report, and has added thereto many interesting facts pertaining to savings banks and to the desirability of saving. This institution has a fine record, and its officers are well justified in giving it to the world. With respect to the early savings banks established in this country it says that "The first savings bank incorporated in America was the 'Provident Institution' for savings in the town of Boston, Massachusetts, 13th December, 1816. At this time the population of Boston was about 35,000. The next institution was the Salem Savings Bank, incorporated January 29, 1818. The first savings bank in Connecticut was organized June 1, 1819. In Rhode Island, the first savings bank was organized June, 1819. In the State of New York, the first charter for a savings bank was procured in March, 1819, called 'Bank for Savings.' The first year there was deposited in this bank \$154,000.00, in 1868 \$4,940,819.00 was deposited, and since its organization it has received \$97,723,411.45, and paid out \$83,311,619.84, and paid in interest \$13,537,873,142. There are now upwards of 150 banks of savings in the State of New York."

HAMILTON BANK OF NEW YORK CITY.—By coincidence worthy of remark, and without design, the date of the completion of this organization by the election of directors and their election of the president and appointment of the cashier, and the filing with the County Clerk of the papers required by law, and the forwarding of his certified copy of the same to the department at Albany, for the approval of which by the Superintendent of Banking, his certificate has been issued, viz.: "The 11th day of January, 1888, is the 131st anniversary of the birth of that eminent financier, the Secretary of the Treasury under Washington, Alexander Hamilton, from whom the Hamilton Bank of New York city assumes its name.

ST. LOUIS CITY BANKS.—A comparison of the four National and seventeen State banks of that city on the 31st December, 1887, with the statement of the same on December, 1886, shows the following:

	Dec., 1887.	Dec., 1886.	Differences.
Capital and surplus.....	\$14,824,115	\$14,941,771	Decrease.... \$117,656
Deposits payable on time.....	8,463,560	9,200,334	" 736,774
Deposits payable on demand to b'ks	10,546,306	9,961,593	Increase.... 584,713
Deposits payable on dem'd to others.	26,868,720	28,339,470	Decrease.... 1,470,750
National Bank circulation.....	591,060	726,990	" 135,930
Liabilities.....	\$61,293,761	\$63,170,158	Decrease.... \$1,876,397
U. S. bonds to secure circulation....	660,000	810,000	Decrease.... 150,000
Good loans and bonds.....	44,507,836	45,241,095	" 733,259
Cash, checks and exchange.....	6,519,075	8,229,578	" 2,710,503
Cash, coin.....	\$2,267,953	1,828,787	Increase.... 439,166
Cash, currency.....	6,126,093	5,998,731	" 127,362
Real estate, furniture and fixtures..	1,212,804	1,061,967	" 150,837
Assets.....	\$61,293,761	\$63,170,158	Decrease.... \$1,876,397

Compiled by E. CHASE, Manager Clearing House.

GOVERNMENT'S CLAIM AGAINST FIDELITY BANK.—It is understood that the Government is a creditor of the late Fidelity Bank, and that the indebtedness came about in a peculiar way. At present Mr. William Caldwell, Surveyor of Customs and Custodian of the Government building is the holder of the claim, and is in a state of perplexity, not knowing what to do about it. The complication arose in this way: Last year Mr. Sol P. Kineon obtained the contract for supplying the Government building with fuel, and was required to put up cash to the amount of \$1,800 as security that he would fulfill his contract. Mr. Kineon gave a certified check on the Fidelity Bank, which was regarded as being as good as cash at that time. Mr. Caldwell placed the check in his safe and never thought any more about it, and Mr. Kineon went on with his contract, fulfilling it to the letter. Then came the smash,

and after a time Mr. Kineon demanded of Mr. Caldwell his \$1,800. That gentleman went to his safe and got out the certified check, which he tendered to Mr. Kineon. "Oh, no," replied that worthy. "I want the cash." That was a stunner for Mr. Caldwell, and he did not know what to do. Several consultations with the District Attorney and Receiver Armstrong followed, and no adjustment of the matter could be reached. When the bank declared a 25 per cent. dividend Mr. Armstrong tendered \$450 to Mr. Kineon, but he refused it and the money was given to Mr. Caldwell, who now holds it. The matter will probably end in Mr. Kineon suing the Government. He claims that he put up his cash for the check, which was good at the time it was given, and that it is the Surveyor's fault that it was not cashed.

CHICAGO.—The discovery of the \$22,000 worth of Chicago and Grand Trunk and Albany and New York city bonds, stolen from the First National Bank of Albany eight months ago, develops a rather curious story. The bonds were taken to the First National Bank of Chicago on November 2 last by a man who called himself George Williams, and who was introduced to the bank by "Mike" McDonald. Williams wanted to sell the bonds to the bank, but the bank knew nothing about them, as they were not quoted in this market. The bank people asked McDonald what he knew about Williams, and "Mike" said that he (Williams) was perfectly square and upright, so far as he knew; that he was simply a sporting man. He knew nothing else against him. McDonald said he would guarantee the validity of the bonds; but still the bank refused to buy them, but offered to send them East, saying they would sell them if the man Williams was in no hurry. Williams was not in a hurry, and the bonds were sent to New York. The New York bank was told that the First National Bank of Chicago would not assume any responsibility, as it did not know whether or not they were spurious, that the man who wanted to negotiate was an outsider, and it simply wanted to sell them. The New York bank people replied that they knew the bonds and were assured they were all right, and that they would take the risk in buying them. The money was sent on and the man got it. Lyman J. Gage, of the First National of Chicago, was away at the time of this transaction, but had a letter written to the New York bank emphasizing the fact that the First National took no responsibility as to the bonds. The next thing the Chicago bank heard of the bonds was when Detective Nolan of Albany arrived here, and on behalf of the Albany bank asked assistance in tracing the bonds, which the Albany people had in some way learned had been disposed of through the Chicago institution. He was given all assistance needed, but it is not known that McDonald gave up the real name of his friend. The bonds were finally located in the East, and most of them were redeemed and are now in the hands of the original owner.

SINKING FUND.—The sinking fund is thus explained by the Secretary of the Treasury: The act of February 25, 1862 (R. S., 3,688), requires one per centum of the entire debt of the United States to be annually set apart as a sinking fund and applied to the purchase or payment of the public debt in such manner as the Secretary of the Treasury may from time to time direct, together with a sum equal to the interest on all bonds so redeemed; and the act of April 17, 1876 (19 Stat., 33), provides that fractional currency, redeemed by the Treasury, shall also form a part of the sinking fund.

INCREASE IN FORGED DRAFTS.—A well-known banker notes an increase in the number of forged drafts of country institutions. His bank threw out three yesterday. He thinks that the country banks ought to be more on their guard against persons who are constantly trying to get hold of blanks for the purpose of swindling, but it is even of greater importance that lithographers should be careful about giving out samples. They should always be canceled or perforated, otherwise forgers will certainly make use of them.—*Chicago Tribune*.

THE ICE COMPANIES' CURRENCY.—The ice companies of New York that have for so long been issuing to their employes pay tickets which, in many cases, have been used as a circulating medium among the men and those with whom they had dealings, are soon to be called upon to pay to the Government the internal revenue tax which is demanded upon such "notes," or tickets, by the law of 1875. The

tax would amount to ten per cent. of the gross amount of pay tickets actually used as a circulating medium. Twenty companies have already made returns to the Internal Revenue Commissioner, giving the amount of tickets issued to the men. Collector Sullivan is now about to write a circular letter to the companies, asking from them a statement of the amount of tickets redeemed by the first receivers of them. These tickets, not having been used as a circulating medium, would not be taxed. The amount due the Government has not been fully estimated. It is to be collected in two ways. For all issues during the last fifteen months the companies will be assessed directly by the commissioner. The amount falling due in this way will be from \$30,000 to \$40,000, and will be paid, probably, by the companies under protest. For the amounts due prior to fifteen months ago suits will be brought by the Government against the companies. It will be, in all probability, about three months before the matter will assume an active shape.

CALAIS, ME.—The Calais National Bank has been called to account by the Government because it has for years been issuing notes of a savings institution at St. Stephens, across the river in Canada, and has not paid the tax due to the Government on the same. It has accepted the notes of the St. Stephens institution in return for a considerable inducement, it is alleged, and the notes have circulated far and wide in this part of Maine. Calais merchants say they have to accept these notes because they cannot get any others. So completely has the country been flooded with the paper that merchants and farmers dread the news which they think must come that the St. Stephens Bank has gone up and carried away their fortunes. United States Inspector Murphy, of Bangor, has recently been here. He says the banking laws have been evaded for a long time, and he will report that under the law the Calais National Bank owes the Government \$90,000 in fines for issuing the foreign notes in addition to its own. The business with the Canadian bank has been carried on quietly, and until now has not attracted the attention of the inspectors. The bank is in a highly prosperous condition. Its shares are quoted away above par, and it has a robust surplus.

CINCINNATI, OHIO.—The big suit of David Armstrong, receiver of the late Fidelity National Bank, against Whitely, Fassler & Kelly, the Champion Machine Company, E. L. Harper & Co., Swift's Iron and Steel Works, and the Toronto Reaper and Mower Company, was settled to-day by a consent order directing the receiver to compromise the claims. The paper of the Champion Machine Company, amounting to \$182,547.29, and indorsed by Whitely, Fassler & Kelly, will be paid in full. The remainder—something over \$250,000—of the paper of the other firms named, and indorsed by Whitely, Fassler & Kelly, will be compromised at fifty cents on the dollar, and will be secured by the issuance of \$500,000 worth of bonds by Whitely, Fassler & Kelly bearing 3 per cent. interest and due in five years—\$100,000 each year. The Fidelity directors have consented to the settlement, even including Mr. Zimmerman, who is in Europe. The bonds will be taken by Mr. Armstrong and the papers turned over to the defendants.

NEVADA BANK.—From the last semi-annual statement of the Nevada Bank, it will be seen that John W. Mackay and James G. Fair are the largest stockholders, each having 10,000 shares, James C. Flood having 9,500 shares. The statement is of the most satisfactory character, and will serve to cause a smile at the absurd rumors which the collapse in the wheat market served to give rise to. The Nevada Bank, owing to the wealth of its stockholders and the reputation they enjoy as men of financial ability in enterprises where the capital employed is counted with dozen figures, has no par in the country either for wealth, stability or importance. Its assets are \$12,148,085.21. It has nearly a million cash in its coffers, the rest loaned out or invested in good security. It has a capital and reserve fund of fully four millions, while public confidence in the management is shown by the fact that the deposits equal \$3,543,149.01.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from January No., page 567).

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
N. Y. CITY.	Columbia Bank.....	Joseph Fox, <i>Pr.</i>	John H. Watson.
"	Fifth National Bank.....	Richard B. Kelly, <i>V. Pr.</i>.....	.....
"	Nineteenth Ward Bank.....	Louis H. Holioway, <i>A.C.</i>	L. Fabbriotti.
"	Western National Bank.....	C. N. Jordan, <i>Pr.</i>	Daniel Manning*
"		C. J. Canda, <i>V. Pr.</i>	C. N. Jordan.
CAL.	First Nat. Bank, San Francisco.	S. G. Murphy, <i>Pr.</i>	Daniel Callaghan.
COL.	Carbonate Nat. B'k, Leadville..	A. V. Hunter, <i>V. Pr.</i>	H. I. Higgins.
CONN.	Ansonia Nat. Bank, Ansonia..	Chas. E. Bristol, <i>V. Pr.</i>.....	.....
"	Deep River Nat. B., Deep River.	A. R. Shailer, <i>V. Pr.</i>.....	.....
"	First National Bank, Middletown..	J. N. Camp, <i>Pr.</i>	Benj. Douglas.
"		S. H. Butler, <i>V. Pr.</i>.....	.....
"		E. G. Camp, <i>Cas.</i>	J. N. Camp.
"	Southington N.B., Southington.	Chas. D. Barnes, <i>V. Pr.</i>.....	.....
DAK.	First National Bank, Lisbon...	B. M. Frees, <i>V. Pr.</i>.....	.....
"	Farm. & Mer. N.B., Valley City	Linwood Foster, <i>Ass't C.</i>.....	.....
DEL.	New Castle Co. N.B., Odessa..	C. Watkins, <i>V. Pr.</i>.....	.....
D. C.	National B'k of Washington.	C. A. James, <i>Pr.</i>	Edward Temple.
"	Washington.	Chas. E. White, <i>Cas.</i>	C. A. James.
"		R. E. White, <i>Ass't Cas.</i>	Chas. E. White.
"	Nat. Metropolitan B'k, Wash..	Wm. Thompson, <i>V. Pr.</i>.....	.....
ILL.	Second National Bank, Aurora.	J. A. Egleston, <i>Cas.</i>	Wm. C. Estes.
"	Champaign National Bank, Champaign.	W. A. Heath, <i>Cas.</i>	W. S. Maxwell.
"		W. W. Maxwell, <i>Ass't C.</i>	W. A. Heath.
"	First National Bank, Charleston	W. M. Chambers, Jr., <i>Pr.</i>	Louis Monroe.
"		Louis Monroe, <i>V. Pr.</i>	R. S. Hodges.
"	First National Bank, Decatur..	W. B. Shackelford, <i>A.C.</i>.....	.....
"	Du Quoin Bank, Du Quoin....	Thos. Horn, <i>Cas.</i>	P. N. Pope.
"	First National Bank, Mendota..	E. P. Fassett, <i>Ass't Cas.</i>.....	.....
"	Monmouth Nat. B'k, Monmouth	H. B. Smith, <i>Ass't Cas.</i>.....	.....
"	Rochelle Nat. Bank, Rochelle..	M. D. Hathaway Jr., <i>A.C.</i>.....	.....
"	Scyamore Nat. B'k, Sycamore..	Geo. W. Dunston, <i>V. Pr.</i>.....	.....
IND.	Aurora Nat. Bank, Aurora....	Robt. Maybin, <i>V. Pr.</i>	Geo. W. Mitchell.
"	First Nat. Bank, Crawfordsville.	J. H. Wasson, <i>Ass't Cas.</i>	Geo. T. Durham.
"	Hamilton National Bank, Fort Wayne.	C. W. Orr, <i>Ass't Cas.</i>.....	.....
"		F. H. Poole, <i>2d Ass't C.</i>.....	.....
"	City National Bank, Goshen....	C. J. Garvin, <i>Ass't Cas.</i>.....	.....
IOWA.	Atlantic National Bank, Atlantic.	M. L. Stearns, <i>Pr.</i>	John McDaniel.
"		F. M. Parker, <i>Ass't Cas.</i>	J. W. Winslow.
"	City Nat. Bank, Cedar Rapids.	John B. Bever, <i>Ass't C.</i>.....	.....
"	Charles City National Bank, Charles City.	S. F. Farnham, <i>Pr.</i>	J. P. Taylor.
"		J. H. Owen, <i>Cas.</i>	S. F. Farnham.
"	Wright Co. Nat. B'k, Clarion..	Coryden M. Nagle, <i>V. Pr.</i>.....	.....
"	First National Bank, Creston..	Fred. W. Clarke, <i>A. Cas.</i>.....	.....
"	Iowa Nat. Bank, Des Moines..	Geo. A. Dissmore, <i>A. C.</i>.....	.....
KAN.	Concordia L. & T. Co. Concordia	C. P. Tilden, <i>Sect.</i>	Wm. H. Dale.
"	Exchange Nat. B'k, El Dorado.	J. Benninghoff, <i>V. Pr.</i>	Joseph Williams.
"	First National B'k, Great Bend.	S. E. Prentiss, <i>Cas.</i>	R. C. Bailey.
"	First National B'k, Greensburg.	Wm. S. Holabird, <i>Cas.</i>	James H. Bacon.
"	Gypsum Valley Bank, Gypsum.	C. R. Williams, <i>Cas.</i>	J. S. Hall.
"	Leavenworth N.B. Leavenworth	Wm. M. Smith, <i>A. Cas.</i>.....	.....
"	First Nat. Bank, McPherson....	Theodore Boggs, <i>V. Pr.</i>	Edwin A. Bell.
"	First National Bank, Millbrook.	R. W. Thompson, <i>V. Pr.</i>.....	.....
"	Bank of Norcat, Norcat.	Chas. Van Pelt, <i>Pr.</i>.....	.....
"		Jay Olney, <i>Cas.</i>.....	.....
"	First National Bank, Salina....	J. F. Merrill, <i>Pr.</i>	J. M. Fuller.
"	First Nat. Bank, Smith Centre.	Jno. Mossman, <i>Cas.</i>.....	.....
KY.	Fleming Co. N.B., Flemingsburg	Wm. S. Fant, <i>V. Pr.</i>	D. Willson.
"	Bank of Shelbyville, Shelbyville.	J. C. Beckham, <i>Pr.</i>	Gorden Logan*

* Deceased.

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ME.... Union National B'k, Brunswick.	John W. Perry, <i>Pr.</i>	Stephen J. Young.
.. First National Bank, Ellsworth.	Samuel K. Whiting, <i>V. P.</i>.....	.....
.. First National Bank, Fairfield.	D. C. Hall, <i>V. Pr.</i>	C. G. Totman.
.. First National Bank, Lewiston.	J. G. Coburn, <i>Pr.</i>	E. F. Packard.
.. Farm' & Mer. N.B., Baltimore.	J. Y. Scruton, <i>V. Pr.</i>	J. G. Coburn.
.. Denton Nat. Bank, Denton.	Chas. T. Crane, <i>Cas.</i>	C. H. Pitts.
.. First National B'k, Snow Hill.	B. G. Stevens, <i>V. Pr.</i>	W. G. Horsey.
MASS.. First Nat. Bank, Ashburnham.	Geo. T. Bratten, <i>Ass't Cas.</i>.....	.....
.. Everett National Bank, Boston.	Fred. L. Wing, <i>Cas.</i>	Geo. H. Stevens.
.. Mechanics National Bank, Boston.	Benj. B. Converse, <i>V. P.</i>	Francis O. Winslow
.. Monument Nat. Bank, Boston.	Chas. O. L. Dillaway, <i>Pr.</i>	James W. Converse.
.. Shawmut Nat. Bank, Boston.	Francis James, <i>V. Pr.</i>	Benj. B. Converse.
.. First National Bank, Hyannis.	Samuel A. Merrill, <i>Cas.</i>	Chas. O. L. Dillaway
.. Palmer National Bank, Palmer.	Amos Stone, <i>V. Pr.</i>.....	.....
.. Salem National Bank, Salem.	J. G. Taft, <i>Ass't Cas.</i>.....	.....
.. Shelburne Falls National B'k, Shelburne Falls.	Joseph R. Hall, <i>Pr.</i>	S. B. Phinney.
MICH.. City National Bank, Greenville.	F. G. Kelley, <i>V. Pr.</i>	Owen Bearse.
.. First National Bank, Marquette.	Joseph T. Hall, <i>Cas.</i>	Joseph R. Hall.
MINN.. Lumbermen's Nat. B., Stillwater.	L. E. Moore, <i>Pr.</i>	Jas. B. Shaw.
MISS.. First National B'k, Yazoo City.	Jas. B. Shaw, <i>V. Pr.</i>	L. E. Moore.
MO.... Mercantile National Bank, Louisiana.	Benj. W. Russell, <i>Pr.</i>	S. E. Peabody.
.. Third National Bank, Sedalia.	Sam'l D. Bardwell, <i>V. P.</i>	J. B. Bardwell.
.. Greene Co. Nat. B., Springfield.	Le Roy Moore, <i>Pr.</i>	Wm. D. Johnson.
NEB.... Beatrice Nat. Bank, Beatrice.	F. B. Warren, <i>Cas.</i>	Le Roy Moore.
.. First National Bank, Friend.	Geo. Barnes, <i>Cas.</i>	M. L. Martin Jr.,
.. Capital National B'k, Lincoln.	Peter W. Phelps, <i>A. Cas.</i>	Geo. Barnes.
.. Lincoln National Bank, Lincoln.	I. E. Staples, <i>Ass't Cas.</i>.....	.....
.. First Nat. B'k, Weeping Water.	R. L. Bennett, <i>Cas.</i>	L. B. Warren.
N. H.... Nat. B'k of Lebanon, Lebanon.	A. J. McCune, <i>Pr.</i>	Stuart Carkener.
.. Littleton National Bank, Littleton.	W. G. Douglas, <i>V. Pr.</i>	A. J. McCune.
.. Indian Head Nat. B'k, Nashua.	John N. Dalby, <i>Pr.</i>	Albert Parker.
.. Pemigewasset N. B., Plymouth.	A. P. Morey, <i>V. Pr.</i>	John N. Dalby.
.. Lake Nat. Bank, Wolfborough.	E. H. Grabill, <i>Cas.</i>	J. D. Sheppard.
N. J.... Burlington Co. Nat. Bank, Medford.	H. H. Waite, <i>Ass't Cas.</i>	F. M. Cook.
.. Mt. Holly Nat. B'k, Mt. Holly.	S. F. Nunemaker, <i>V. Pr.</i>	H. M. Smith.
.. Broad Street National Bank, Trenton.	R. M. Proudfit, <i>Ass't Cas.</i>.....	.....
.. First National Bank, Woodbury.	J. W. Maxwell, <i>Ass't C.</i>.....	.....
N. MEX. Silver City Nat. B'k, Silver City.	Nathan L. Harwood, <i>Pr.</i>	Jacob E. Houts.
N. Y.... First National Bank, Canton.	F. M. Cook, <i>Ass't Cas.</i>.....	.....
.. First National Bank, Ellenville.	M. G. Baird, <i>Ass't Cas.</i>.....	.....
.. Herkimer Bank, Herkimer.	L. C. Pattee, <i>Pr.</i>	Wm. S. Ela.
.. National Herkimer Co. Bank, Little Falls.	O. C. Hatch, <i>Pr.</i>	John Farr.
.. National Exchange Bank, Lockport.	R. W. Poor, <i>Cas.</i>	O. C. Hatch.
.. N.B. of Port Jefferson, Pt. Jeff.	Geo. Stark, <i>Pr.</i>	E. Spalding.
.. German Amer. B'k, Rochester.	Rodney E. Smythe, <i>Cas.</i>	O. S. Copeland.
	John P. Huggins, <i>V. Pr.</i>.....	.....
	J. Oliphant, <i>V. Pr.</i>.....	.....
	Wilson Stokes, <i>Cas.</i>	J. Oliphant.
	Edward Wills, <i>Pr.</i>	Augustus M. Wills*
	Joseph Y. Lanning, <i>Pr.</i>.....	.....
	O. O. Bowman, <i>V. Pr.</i>	Joseph Y. Lanning.
	John H. Bradway, <i>V. Pr.</i>.....	.....
	Edward F. Bradway, <i>Cas.</i>	John H. Bradway.
	John Brockman, <i>Pr.</i>	Hartf'd M. Meredith
	W. N. Beard, <i>Ass't Cas.</i>.....	.....
	Chas. Ver Nooy, <i>Pr.</i>	Isaac Corbin*
	S. W. Lints, <i>Cas.</i>	M. W. Rasbach.
	W. I. Taber, <i>Ass't. Cas.</i>	S. W. Lints.
	Wm. G. Milligan, <i>Pr.</i>	Zenas C. Priest*
	David H. Burrell, <i>V. Pr.</i>.....	.....
	Albert Story, <i>Cas.</i>	Wm. G. Milligan.
	John H. Vermilye, <i>Pr.</i>	L. F. Bowen.
	Wm. E. McComb, <i>Cas.</i>	Mark A. Nicholls.
	L. E. Goldsmith, <i>Ass't C.</i>.....	.....
	Jno. H. Thompson, <i>Cas.</i>	T. W. Whittlesey.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y.	Central National Bank, Troy...	Wm. H. Schonhoven, C.	Asa W. Wickes.
"	Utica City National B'k, Utica.	Thos. Foster, V. Pr.	Russell Wheeler.
"	National Bank, of Waterville, } Waterville.	Wm. B. Goodwin, Pr.	Daniel B. Goodwin.
"	Citizens Nat. Bank, Yonkers...	S. W. Goodwin, Cas.	Wm. B. Goodwin.
"	Citizens Nat. Bank, Yonkers...	C. E. Waring, Pr.	Peter U. Fowler.
N. C.	Commercial Nat. B'k, Charlotte	Lawrence S. Holt, Pr.	R. M. White.
OHIO	City National Bank, Akron....	A. M. Barber, V. Pr.	Wm. Buchtel.
"	Ohio National Bank, } Cleveland.	James Farmer, Pr.	John McClymonds.
"	Third National Bank, } Dayton.	Morris A. Bradley, V. Pr.	.....
"	Defiance Nat. Bank, Defiance..	R. K. McIntire, Pr.	W. P. Huffman.
"	First National Bank, Kenton...	R. J. King, V. Pr.	Daniel Keifer.
"	First Nat. B'k, New Richmond.	Elbert E. Carter, Ass't C.	.....
"	National Exchange Bank, } Steubenville.	G. S. Binkley, Ass't C.	W. E. Scott.
"	Troy National Bank, } Troy.	Geo. W. McMurchy, Cas.	D. E. Fee*
"	First National Bank, Toledo...	W. R. Peters, Pr.	Wm. Dougherty.
"	Champaign Nat. Bank, Urbana.	D. Spaulding, V. Pr.	W. R. Peters.
PENN.	First National Bank, Braddock.	J. M. Campbell, V. Pr.	.....
"	First Nat. Bank, Bradford...	C. E. Wilson, Ass't Cas.	.....
"	Corry National Bank, Corry...	M. L. Ransom, Ass't Cas.	V. H. Ketcham, Jr.
"	Du Bois Deposit Bank, Du Bois.	C. A. Ross, Ass't Cas.	.....
"	First Nat. Bank, Du Bois.....	H. C. Shallenberger, A. C.	.....
"	First National Bank, } Greenville.	F. W. Davis, Pr.	J. M. Fuller.
"	Greenville Nat. B'k, Greenville.	C. C. Melvin, V. P.	F. W. Davis.
"	First Nat. Bank, Lock Haven..	Geo. H. Wills, Ass't Cas.	.....
"	Farm. & Mech. N. B., Mercer...	A. M. Allen, Ass't Cas.	.....
"	Commonwealth N. B'k, Phila..	W. C. Booard, Cas.	J. H. Chambers.
"	Corn Exchange Nat. Bank, } Philadelphia.	R. H. Moore, V. Pr.	Daniel North.
"	Manufacturers' National Bank, } Philadelphia.	M. Loomis, Pr.	Wm. Waugh.
"	Mechanics Nat. Bank, Phila....	R. S. Johnston, V. Pr.	M. Loomis.
"	Seventh Nat. B'k, Philadelphia.	Henry Watson, Ass't C.	Geo. O. Keck.
"	Quakertown N. B., Quakertown.	G. L. Morlock, Ass't C.	Thos. Yardley.
"	Hyde National B'k, Titusville.	Levi Morrison, V. Pr.	.....
"	Citizens National B'k, Towanda	J. H. Burroughs, V. Pr.	.....
"	First National B'k, Washington.	J. Wesley Supplee, Pr.	.....
"	Lumberman's N. B., W'msport.	H. W. Catherwood, V. Pr.	.....
R. I.	Merchants Bank, Newport.....	Wm. H. Heisler, Cas.	M. W. Woodward.
"	Commercial N. B., Providence..	Sam. Campbell, A. Cas.	B. F. Dennison.
S. C.	Nat. B. of Greenville, Greenville.	Daniel Donovan, V. Pr.	G. English.
TENN.	Nat. B'k, of Bristol, Bristol....	Paul Brown, Cas.	Wm. H. Heisler.
"	Cleveland Nat. B'k, Cleveland	Aaron B. Walp, V. Pr.	C. Fellman.
"	Mech. S. B. & T. Co. Nashville.	Louis K. Hyde, Ass't Cas.	.....
TEXAS	First National Bank, Denison...	Benj. M. Peck, Pr.	E. T. Fox*
"	Merchants Nat. B., Fort Worth.	Alexander Murdoch, Jr.	Colin M. Reed*
"	Concho Nat. B'k, San Angelo..	B. C. Bowman, V. Pr.	E. R. Payne.
VT.	People's Nat. Bank, Brattleboro	Wm. B. Sherman, Pr.	.....
"	Allen National Bank, } Fair Haven.	Thos. Harris, V. Pr.	.....
"	First Nat. Bank, Springfield...	Alex. McBee, V. Pr.	.....
VA.	Citizens Nat. B'k, Alexandria..	John C. Anderson, A. C.	.....
W. T.	First Nat. B'k, Spokane Falls.	J. H. Craigmiles, V. Pr.	.....
WIS.	Fond du Lac N. B., Fond du Lac	M. T. Bryan, Pr.	J. B. Richardson..
"	First Nat. Bank, Fort Atkinson.	C. W. Pyle, Act'g. Cas.	Edward Perry.
"	Bank of Galesville, } Galesville.	E. W. Taylor, Pr.	J. G. Wright.
"	National Exchange Bank, } Milwaukee.	John Gaddis, V. Pr.	E. Cartledge.
"	Union National Bank, Oshkosh.	W. H. Brackett, Ass't C.	.....
"	Allen National Bank, } Fair Haven.	S. Allen, Pr.	Ira C. Allen.
"	First Nat. Bank, Springfield...	Ira C. Allen, V. Pr.	S. Allen.
"	Citizens Nat. B'k, Alexandria..	W. D. Woolson, A. Cas.	E. A. Hills.
"	First Nat. B'k, Spokane Falls.	Benoni Wheat, Pr.	John B. Smoot*
"	Fond du Lac N. B., Fond du Lac	F. K. McBrown, A. Cas.	.....
"	First Nat. Bank, Fort Atkinson.	L. Muentert, Ass't Cas.	.....
"	Bank of Galesville, } Galesville.	G. L. Cole, V. Pr.	.....
"	National Exchange Bank, } Milwaukee.	C. M. Kellogg, Cas.	John O. Melby.
"	Union National Bank, Oshkosh.	John O. Melby, A. Cas.	.....
"	Allen National Bank, } Fair Haven.	William G. Fitch, V. Pr.	.....
"	First Nat. Bank, Springfield...	Grant Fitch, Cas.	Wm. G. Fitch.
"	Citizens Nat. B'k, Alexandria..	Geo. R. Nash, Ass't Cas.	Grant Fitch.
"	First Nat. B'k, Spokane Falls.	Morris Jones, Ass't Cas.	.....

* Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from January No., page 566.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent</i>
N. Y. CITY....	.....	Bank of Harlem.....	.....
	\$100,000	C. H. Pinkham, Jr. <i>Pr.</i> C. E. Trotter, <i>Cas.</i>	
"	"	Hamilton Bank.....	.....
"	\$150,000	Lucien C. Warner, <i>Pr.</i> Carroll St. John, <i>Cas.</i>	
"	"	Hudson River Bank....	.....
	\$200,000	Wm. De Groot, <i>Pr.</i> Peter Snyder, <i>Cas.</i>	
ALA....	Calera.....	Wade, A. C. & Co.	
	\$35,000		
DAK....	Gilby.....	Bank of Gilby.....	Gilman, Son & Co.
	\$15,000	Hamilton L. Whithed, <i>P.</i> Fred L. Streit, <i>Cas.</i>	
		M. S. Titus, <i>V. P.</i>	
GA....	Savannah.....	Citizens Bank.....	Importers & Traders Nat. Bank.
	\$150,000	Frederick M. Hull, <i>Pr.</i> Geo. C. Freeman, <i>Cas.</i>	
		Chas. H. Dorsett, <i>V. Pr.</i>	
"	Thomasville....	Bank of Thomasville....	Fourth National Bank.
	\$100,000	A. P. Wright, <i>Pr.</i> E. M. Smith, <i>Cas.</i>	
		W. E. Davies, <i>V. Pr.</i>	
ILL....	Mt. Pulaski....	First National Bank....	National Park Bank.
	\$50,000	John Lincoln, <i>Pr.</i> Chas. W. Lincoln, <i>Cas.</i>	
		David Vanhies, <i>V. Pr.</i>	
"	Oak Park	Dunlop Bros.	East River National Bank.
IOWA...	Greeley.....	Bank of Greeley.....	.....
		(Jas. W. Roe & Co.)	Jas. W. Roe, <i>Cas.</i>
"	Havelock.....	Citizens Bank.....	.....
	\$9,000	(Gill & Potter)	
KAN....	El Dorado.....	Merchants Nat. Bank....	.....
	\$100,000	Alfred W. Ellet, <i>Pr.</i> N. F. Frazier, <i>Cas.</i>	
"	Fredonia.....	First National Bank....	.....
	\$50,000	Eugene Follensbee, <i>Pr.</i> Martin Abernethy, <i>Cas.</i>	
"	Grainfield.....	State Bank of Grainfield.	Hanover National Bank.
	\$12,500	William M. Loehr, <i>Pr.</i> Leon L. Loehr, <i>Cas.</i>	
		Elinzer M. Prindle, <i>V. Pr.</i> Geo. B. Cellars, <i>Ass't. Cas.</i>	
"	Johnson.....	Johnson State Bank....	.....
		A. T. Irvin, <i>Pr.</i> T. A. Johnson, <i>Cas.</i>	
		D. P. Doak, <i>V. Pr.</i>	
"	Lawrence.....	Douglas Co. Nat. Bank..	First National Bank.
	\$100,000	Justin D. Bowersock, <i>Pr.</i> Hiram C. Vaughan, <i>Cas.</i>	
		Willis Brown, <i>V. Pr.</i> H. E. Benson, <i>Ass't. Cas.</i>	
"	Osawatomie....	Osawatomie Bank.....	Hanover National Bank.
	\$50,000	E. W. Warfield, <i>Pr.</i> L. A. Wheeler, <i>Cas.</i>	
		J. B. Remington, <i>V. Pr.</i>	
"	Sterling.....	Citizens State Bank....	.....
	\$25,000	T. H. Brown, <i>Pr.</i> Thomas Atkinson, <i>Cas.</i>	
		J. J. Messenger, <i>V. Pr.</i>	
KY. . .	Sulphur.	Sulphur Deposit Bank....	.....
		W. H. McEllvain, <i>Pr.</i> C. W. Alexander, <i>Cas.</i>	
		J. F. Young, <i>V. Pr.</i>	
MO....	Marshall.....	Bank of Saline.....	Hanover National Bank.
	\$100,000	James W. Goodwin, <i>Pr.</i> Arch. S. Van Anglen, <i>Cas.</i>	
		Ed. T. Orrar, <i>Ass't. Cas.</i>	
MONT..	Phillipsburgh...	Rogers, H. L. & Co.	Kountze Bros.
NEB ..	Columbus	Commercial Bank.....	Importers & Traders Nat. Bank.
	\$40,000	Chauncey H. Sheldon, <i>Pr.</i> Robt. Uhlig, <i>Cas.</i>	
		Wm. A. McAllister, <i>V. Pr.</i> Daniel Sohran, <i>Ass't. Cas.</i>	
N. J....	Glassborough....	First National Bank....	.....
	\$50,000	Woodward Warrick, <i>Pr.</i> Albert S. Emmel, <i>Cas.</i>	
		John P. Whitney, <i>V. Pr.</i>	
N. C....	Fayetteville	Bank of Fayetteville....	.....
	\$200,000	John D. Williams, <i>Pr.</i> W. T. Taylor, <i>Cas.</i>	
		H. W. Lilly, <i>V. Pr.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
OHIO..	Cincinnati	Seasongood & Mayer.	German American Bank.
" ..	Hamilton	Miami Valley Nat. Bank.	
	\$100,000	Peter Murphy, <i>Pr.</i>	F. S. Heath, <i>Cas.</i>
" ..	Mason	The Mason Bank.....	Merchants National Bank.
		(Durham & Bone.)	
TENN ..	Chattanooga ...	Peoples Bank.....	
	\$11,400	W. H. Hart, <i>Pr.</i>	Ismar Noa, <i>Cas.</i>
		E. Watkins, <i>V. Pr.</i>	
		D. B. Loveman, <i>V. Pr.</i>	
" ..	Knoxville	City National Bank.....	
	\$100,000	Milton P. Jarnagin, <i>Pr.</i>	W. S. Shields, <i>Cas.</i>
TEXAS..	Dallas	North Texas Nat Bank	
	\$500,000	B. Blankenship, <i>Pr.</i>	F. R. Malone, <i>Cas.</i>
		Henry Exall, 1st <i>V. Pr.</i>	Paul Furst, <i>Asst. Cas.</i>
		S. J. Howell, 2d <i>V. Pr.</i>	
" ..	Kaufman	First National Bank.....	
	\$50,000	H. F. Nash, <i>Pr.</i>	G. W. Voiers, <i>Cas.</i>
WASH..	Spokane Falls..	Spokane National Bank	
	\$60,000	William H. Taylor, <i>Pr.</i>	W. Hussey, <i>Cas.</i>

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3833	Merchants National Bank.....	Alfred W. Ellet,	N. F. Frazier, \$100,000
	El Dorado, Kan.		
3834	North Texas National Bank....	B. Blankenship,	F. R. Malone, 500,000
	Dallas, Texas.		
3835	First National Bank	Eugene Follensbee,	Martin Abernethy, 50,000
	Fredonia, Kan.		
3836	First National Bank	H. T. Nash,	G. W. Voiers, 50,000
	Kaufman, Texas.		
3837	City National Bank	Milton P. Jarnagin,	W. S. Shields, 100,000
	Knoxville, Tenn.		
3838	Spokane National Bank.....	Wm. H. Taylor,	W. Hussey, 60,000
	Spokane Falls, Wash. Ter.		
3839	First National Bank	John Lincoln,	Chas. W. Lincoln, 50,000
	Mt. Pulaski, Ill.		
3840	Miami Valley National Bank...	Peter Murphy,	F. S. Heath, 100,000
	Hamilton, O.		

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from January No., page 568.)

COL....	Denver	Rollins & Young, succeeded by Rollins Investment Co.
GA.	Savannah	Citizens Mutual Loan Co., succeeded by Citizens Bank.
" ..	Thomasville ...	A. P. Wright & Co., now Bank of Thomasville.
ILL	Du Quoin	Du Quoin Bank (Horn & Pope) now Henry Horn, proprietor.
KAN ...	Grainfield	First Bank of Grainfield reported failed.
" ..	Lawrence	Douglas County Bank (J. D. Bowersock) now Douglas County National Bank.
KY.....	Somerset	National Bank of Somerset has gone into voluntary liquidation.
MINN ..	Duluth	Union National Bank has changed its title to Duluth Union Nat'l Bank.
N.Y....	Richburgh	First National Bank has gone into voluntary liquidation.
N. C...	Washington ...	W. P. Baugham has sold out his banking business to C. M. Brown.
R. I....	North Scituate.	Scituate National Bank has gone into voluntary liquidation.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JANUARY, 1888.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in January.						RAILROAD STOCKS.					MISCELLANEOUS.					
GOVERNMENTS.		Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	RAILROAD STOCKS.					MISCELLANEOUS.				
4½, 1891... reg.	Quarterly	Mar.	107½	108	107½	108	Col. H. Valley & Tol.	—	35½	23	27½	Norfolk & Western	16	18	16	
4½, 1891... comp.		Mar.	107½	108	107½	108	Col. & H. C. & I.	27½	39	26½	Do	43	47	43½		
4½, 1907... reg.		Jan.	125½	126½	125½	126	Del. & Hudson	103½	114	103	Northern Pacific	22½	23	21½		
4½, 1907... comp.		Feb.	126½	126½	125½	126	Del., Lack. & W.	130	133½	123½	Do	—	47½	45½		
6, cur cy, 1895, reg.	Quarterly	Jan.	119	120½	119	119	Den. & Rio Grande	—	55	50	22	Ohio & Mississippi	—	25	23	
6, cur cy, 1896, reg.			121	122½	121	121	Do	10½	105	100	Ohio Southern	—	12	11½		
6, cur cy, 1897, reg.			123	124½	123	123	Do	—	62½	59½	Oregon Imp't	—	55	45½		
6, cur cy, 1898, reg.			125	126½	125	125	Do	46½	46½	44½	Oregon R. & N.	—	17	15		
6, cur cy, 1899, reg.	July.	127	128½	127	127	Fort Worth & Den.	—	13½	13	116½	Oregon Short Line	—	37	30½		
Atlantic & Pacific	RAILROAD STOCKS	Open- ing.	10	10½	10½	10½	Houston & Texas C.	—	46½	40½	44½	Oregon Trans-Con.	21½	21	20½	
Buff. R. & Pitts			62½	58	54½	54½	Illinois Central	121½	121½	116½	Pacific Mail	36	37	34½		
Canal			56½	50½	45	45	Indiana, Bloom. & Western	13½	13½	13	Peoria, Decatur & Evansville	24½	24½	20		
Canada Southern			75½	80½	75	75	Lake Erie and Western	16	16	14½	Philadelphia & Reading	65½	67½	61½		
Central N. J.			33½	30½	30½	31½	Do	45½	44	44	Pullman Palace Car Co.	—	144½	140½		
Central Pacific			4½	4½	4½	4½	Do	—	95	92½	Richmond & Allegheny	—	23½	21½		
Ches. & O io			138	138	138	138	Lake Shore	—	90½	89	Rich. & W. P. Term.	85	85	84		
Do			7	7	7	7	Long Island	—	64½	60½	Rome, W. & Ogd.	39	39	36		
Chic. & Alton			138	138	138	138	Louisville and Nashville	—	39	39	St. Louis, A. & T. H.	—	—	—		
Chic. B. & O.			120½	120½	120½	120½	Louisville, N. Alb. & Chic.	—	95½	85½	Do	—	—	—		
Chic. M. & St. P.	75½	75½	75½	75½	Manhattan Consol.	—	18½	18½	St. Louis & San Francisco	—	36½	35½				
Chic. N. W.	107½	107½	107½	107½	Marq., H. & O.	—	90	83½	Do	—	73½	70½				
Chic. R. I. & P.	112½	112½	112½	112½	Memphis & Charleston	—	53	52	Do	61½	62½	60				
Chic. St. L. & P.	144½	144½	144½	144½	Michigan Central	—	87½	80	Do	100½	100½	100				
Chic. St. L. & P.	144½	144½	144½	144½	Mil., L. S. & W.	—	87½	80	Do	—	—	—				
Chic. St. P. M. & O.	39½	39½	39½	39½	Do	—	103	101	Do	—	—	—				
Chic. St. P. & I.	108½	108½	108½	108½	Minn. & St. Louis	—	94	94	Do	—	—	—				
Chic. C. & I.	53	53	53	53	Mo., Kan. & Texas	—	18	16½	Do	—	—	—				
Chic. C. & I.	38½	38½	38½	38½	Missouri Pacific	—	89½	89	Texas & Pacific	20½	20½	27½				
Chic. C. & I.	38½	38½	38½	38½	Nash., C. & St. L.	—	115½	115	Union Pacific	55½	55½	56½				
Chic. C. & I.	38½	38½	38½	38½	N. Y. C. & Hudson	—	110½	110	Virginian Midland	—	—	—				
Chic. C. & I.	38½	38½	38½	38½	N. Y. C. & St. L.	—	110½	110	Walash. St. Louis & Pacific	28½	28½	27½				
Chic. C. & I.	38½	38½	38½	38½	N. Y. L. E. & W.	—	114½	114	Do	—	—	—				
Chic. C. & I.	38½	38½	38½	38½	Do	—	114½	114	MISCELLANEOUS—	—	—	—				
Chic. C. & I.	38½	38½	38½	38½	N. Y. L. E. & W.	—	114½	114	Express-Adams	145	145	141				
Chic. C. & I.	38½	38½	38½	38½	Do	—	114½	114	American	108½	108½	106½				
Chic. C. & I.	38½	38½	38½	38½	N. Y. & New Eng.	—	114½	114	United States	68	68	67				
Chic. C. & I.	38½	38½	38½	38½	N. Y. Ont. & W.	—	114½	114	Wells-Fargo	74	74	73½				
Chic. C. & I.	38½	38½	38½	38½	N. Y. Sus. & W.	—	114½	114	Western Union	130½	130½	128				
Chic. C. & I.	38½	38½	38½	38½	Do	—	114½	114	Silver Bullion Cert.	77½	77½	76½				

The reports of the New York Clearing-house returns compare as follows:

1888	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Jan. 7..	\$360,070,500	\$75,235,400	\$28,417,800	\$371,305,900	\$8,089,900	\$10,826,725
" 14..	356,173,900	77,044,000	32,055,400	373,232,500	7,901,500	15,791,275
" 21..	354,767,900	80,110,100	34,566,500	375,048,500	7,604,400	20,914,475
" 28..	356,068,100	83,308,500	34,512,000	378,247,900	7,579,700	23,258,825

The Boston bank statement is as follows:

1888.	Loans.	Specie.	Legal Tenders	Deposits.	Circulation.
Jan. 7.....	\$138,597,300	\$8,416,100	\$3,797,600	\$106,354,800	\$7,045,000
" 14.....	139,127,500	8,705,300	3,618,100	108,126,000	6,658,900
" 21.....	139,921,200	9,011,300	3,889,900	107,918,900	6,535,100
" 28.....	140,642,100	8,906,300	3,734,600	107,177,100	6,504,500

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1888.	Loans.	Reserves.	Deposits.	Circulation.
Jan. 7.....	\$86,023,200	\$23,040,500	\$84,910,200	\$2,299,050
" 14.....	85,862,500	23,512,100	84,397,700	2,277,870
" 21.....	85,724,500	23,243,000	84,004,800	2,283,870
" 28.....	85,679,600	23,668,400	83,989,800	2,292,290

Sterling exchange has ranged during January at from 4.85 $\frac{3}{4}$ @ 4.87 $\frac{1}{4}$ for bankers' sight, and 4.83 @ 4.85 for 60 days. Paris—Francs, 5.21 $\frac{1}{4}$ @ 5.18 $\frac{3}{4}$ for sight, and 5.23 $\frac{3}{4}$ @ 5.20 $\frac{3}{4}$ for 60 days. The closing rates of the month were as follows: Bankers' sterling, 60 days, 4.83 $\frac{1}{2}$ @ 4.84; bankers' sterling, sight, 4.85 $\frac{1}{4}$ @ 4.85 $\frac{1}{2}$. Cable transfers, 4.85 $\frac{1}{2}$ @ 4.85 $\frac{3}{4}$. Paris—Bankers', 60 days 5.21 $\frac{1}{4}$ @ 5.21 $\frac{1}{4}$; sight, 5.20 @ 5.19 $\frac{3}{4}$. Antwerp—Commercial, 60 days, 5.24 $\frac{3}{4}$ @ 5.23 $\frac{3}{4}$. Reichmarks (4)—bankers', 60 days, 95 $\frac{3}{4}$ @ 95 $\frac{1}{4}$; sight, 95 $\frac{3}{4}$ @ 95 $\frac{1}{2}$. Guilders—bankers', 60 days, 40 $\frac{1}{8}$ @ 40 $\frac{1}{8}$; sight, 40 $\frac{1}{8}$ @ 40 $\frac{1}{8}$.

DEATHS.

CORBIN.—On January 8, aged fifty-eight years, ISAAC CORBIN, President of First National Bank, Ellenville, N. Y.

FOX.—On December 8, aged sixty-two years, E. T. FOX, President of Citizens National Bank, Towanda, Pa.

GREEN.—On January 30, aged seventy-six years, JOHN GREEN, President of Central Safe Deposit Co., N. Y. City, N. Y.

JOHNSON.—On January 10, aged sixty-six years, FRANK JOHNSON, President of Norwich National Bank, Norwich, Conn.

LOGAN.—On January 7, aged seventy-four years, GORDEN LOGAN, President of Bank of Shelbyville, Shelbyville, Ky.

MCCUNE.—On January 31, aged sixty-one years, JOHN R. MCCUNE, President of Union National Bank, Pittsburgh, Penn.

OGLESBY.—On February 2, aged sixty-six years, JOSEPH H. OGLESBY, President of Louisiana National Bank, New Orleans, Louisiana.

REED.—On January 12, aged eighty-four years, COLIN M. REED, President of First National Bank, Washington, Penn.

RIGGS.—On January 19, aged thirty years, THOMAS LAWRASON RIGGS, partner of the firm of Riggs & Co., Washington, D.C.

SIDLE.—On January 25, aged sixty-seven years, JACOB K. SIDLE, President of First National Bank, Minneapolis, Minn.

SMOOT.—On December 25, aged fifty-eight years, JOHN B. SMOOT, President of Citizens National Bank, Alexandria, Va.

WATSON.—On January 24, aged seventy-three years, WILLIAM H. WATSON, President of Union Bank, Medina, N. Y.

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No. 9.

SOME CONDITIONS OF BUSINESS.

The prospects for money-making are not very brilliant. Production is large, but when all the expenses connected therewith are paid, the profits are small. All through the present period of prosperity this has been the case. We have been told again and again by manufacturers and exchangers that the volume of their business was never so large, and yet the profits for doing it were disappointing, and not infrequently the balance has been struck on the wrong side. Those engaged in business are getting weary of this state of things. They are not, perhaps, so very despondent, yet feel that a change of some kind is imminent.

One of the conditions of many kinds of business is the investment of a large amount of capital. The little factories and concerns of a former day have been rapidly supplanted by huge establishments which are the embodiment of a vast amount of capital and skill, and the risks undertaken by them are enhanced by reason of their magnitude. They are like an insurance company in which much of its capital is invested in a few heavy risks. To mass capital, therefore, as now seems needful in order to produce with economy, means the taking of a greater risk, and which, as we have said before, in view of the small profits obtained, is giving rise to no little foreboding and disquietude.

One of the reasons why profits are so small is the excessive competition now prevailing all over the world. Many regard this as an unmixed good. They regard low prices as the goal of a more perfect civilization, and they would not have this course

retarded or checked for any reason whatever; but this view is not shared by all. In the end, every producer satisfies the want of a consumer, and in doing so, is entitled to a fair reward, which the consumer, theoretically at least, is willing to give. On the other hand, nothing is more certain than this, if unwilling to give it, the producer's means to give a fair reward for whatever he may wish to purchase is, to a corresponding degree, crippled. Therefore, any policy which looks like an endeavor to get something for nothing, or to approximate thereto, must in the end be met by defeat, inasmuch as it disturbs the power somewhere in the course of production and exchange to lessen the rewards which otherwise would be received. Where this excessive competition will end is one of the most momentous questions that anyone engaged in production or exchange can ask.

Another reason, quite as obtrusive, is the high rate of wages which is now demanded, especially in this country and in England, in the production and sale of goods. It will not be questioned that the workingman is getting a larger share of the product than at any other period in his history. Indeed, many a manufacturer is paying more than he can afford; so much, indeed, as to leave himself hardly any, perhaps no profit, yet he is continuing in this course temporarily, hoping for a favorable change. He fears that a reduction in wages would result in a strike, a cessation in business, an interruption of the market for his goods, a temporary if not permanent diversion of his customers; and, in view of these things, he continues hoping almost against hope, and yet clearly realizing that a change of some kind must be made. Now, this feeling is widely prevalent among the manufacturing classes. It is perhaps true that the American manufacturer is not content with as small a profit as the English or German manufacturer, and yet in England the condition of the manufacturing classes is hardly any better than in our own. In both, the rates of wages have been pressed upward to a point which, notwithstanding the large volume of business transacted, is leaving but very little for the manufacturer. As said in the beginning, in view of the enormous amount of capital invested and of the wear and tear of plant, and of the large sums that must be paid for the purchase of new machinery, the situation is not hopeful.

There is one element in the high rate of wages which the workingman, perhaps, does not always see in its clearest light, and that is, the higher the point to which he can drive them, the stronger will become the desire on the part of the manufacturer to lessen the cost of production by introducing and using labor-saving machinery; and wages have now been driven to such a point that manufacturers are exercising a skill hitherto unknown to introduce

all possible economies of this character in their business. In countries where wages are cheaper, less is thought about the use of machine-economies than in those where wages form such a large element in the cost of production. But these experiments and changes are made only at heavy cost, and those who learn, perhaps, of an occasional large dividend, do not know of the enormous expenditures that are constantly going on for new and improved machinery, which must be purchased to continue successfully the work of production. The concerns that have not the capital to buy it, or the courage to introduce the best, are sure to fall into the rear in this pitiless conflict.

Another condition of business, perhaps of hardly less moment, is that, through our swift and easy modes of communication, the whole world is in sight, and the rivalries and contentions and difficulties in the way of doing business are more apparent than they were a generation or two ago when so much lay concealed. Whether these transparent conditions of doing business are helpful or not is a very interesting question, but one which we shall not stop to consider. By some it is thought that the situation of men is evened, and the condition of the weaker is thereby improved; while the opposing view is that the stronger concerns, seeing the weakness of their rivals, can the more easily dispose of them and thus keep the field clear for themselves.

Perhaps the wage element is the more controlling one in the situation to-day. It is certain that, in the near future, we are to see radical changes in modes and rates of compensation. There is a marked tendency toward systems of co-operation, the sliding scale, industrial partnership, and the like, whereby the working-man is made to share to some extent in the fortunes of his employer. This is one way of lessening the tremendous risk in doing business. By these devices the employer is seeking to diminish his risk, and especially in time of adversity, and when unable to advance so much money in the form of wages. We are inclined to think that, instead of demanding reductions in wages, various offers and experiments will be tried of basing them to some extent on profits, and in this way of averting strikes and other ill consequences that might result if lower wages were demanded.

These are some of the more potent conditions of business at the present time—small profits, though coming from a large business and involving heavy risks, and accompanied with the feeling that the cost of production must be considerably diminished. This, to some extent at least, must come from the laborer's share. Some, perhaps, may come from the capitalist's, but not all. Thus in various ways we think that we are on the eve of greater changes than have occurred for a considerable period.

MORALS BY MACHINERY.

There are many persons whose energies are expended in getting up machinery for conducting public and private business which shall run so perfectly that no one need ever fear particularly about those who may be employed to run the machine itself. The one great thing is to get a machine that shall be all right. Every now and then they think they have invented such a machine, when suddenly a big defalcation, or the escapade of a mayor, disturbs their dreams, and they then learn that the machine is not perfect after all. Others have been busy for a generation or two in getting up the machinery for a perfect bank, and every now and then they think that it has been invented, when the misdeeds of a Harper or an Eno, or some other miscreant, suddenly disturbs the dream, and then it is learned that the machine is defective.

Now the simplest of all truths is, that it is quite impossible to enforce moral conduct by machinery. It is utterly impossible to invent machinery for doing the work of a State or bank perfectly, or any other institution. It is an equally trite remark that a perfect bank or a perfect State may exist by putting it in charge of competent and honest men. The machinery of a city government may in truth be very defective, or there may be hardly any whatever, and yet with honest and capable public officials, an excellent government may exist. So the charter of a bank may be the simplest thing imaginable. There may be hardly any rules for conducting its business, and yet, with capable and honest managers, its permanent success is certain.

The folly consists in the endeavor to invent machinery, instead of finding and electing the men needful for the proper conduct of business, whether public or private. Let us apply this idea more particularly to our banking institutions. The national banking system is well enough; the system of public examinations is well enough; and if capable and honest officials are selected for performing the various functions required under this system, the best of banking will follow; but, on the other hand, it is equally certain that if the other kind of officials are selected, only bad results are likely to be expected.

When the Metropolitan National Bank, of Cincinnati, failed the other day, it appeared that a Bank Examiner in that district had evidently been quite willing to do whatever the officers of that institution desired. He made false reports. He told the Comptroller that things were all right, when he knew they were all wrong. No system can possibly be invented which can prevent these things.

The fault was not in the examination, but in the Examiner. The fault was not in the machine, but in the man who ran the machine; and so it will be found in nearly all cases whenever an omission of duty has occurred. It is true there is a difference in banking systems, and in systems of city government. Some systems are more cumbrous than others; some are more easily worked; some are less expensive; but these differences and inequalities, however great they may be, are nothing compared with the differences and inequalities among men. The one thing to hold up to view is that if persons desire good banks they must elect good officers to preside over them. If they elect directors and officers who are speculating, they should expect that in due time these individuals will follow in the wake of the great majority who engage in speculative business.

Of course, it is not true that bankers as a class are speculators; on the other hand, we believe that only a few of the large number are engaged in such operations; but it cannot be denied that here and there exists a cashier or bank president who is thus engaged. His friends and companions know it; his fellow directors in the bank know it, and so do the stockholders; and yet he is continued in his place. If a stockholder or director is asked why such a one is continued, he will reply that, while recognizing the fact and regretting it, the official possesses exceptional ability, and, notwithstanding this defect, should be continued in his place. This is the defense usually given for employing such persons around banking institutions. They are generally regarded as very smart, possessing the money-making power, and therefore are valuable acquisitions. Perhaps if the banks which have such officers should dispense with them, even if unable to get others with an equal degree of smartness, the banks and the public in the end would be much better served.

"CARRYING CHARGES," OR BANKING ON PRODUCE.

Since the introduction of speculation into the leading produce markets of this country, there has sprung up a new kind of "banking, on produce," as it is called by those engaged in it; "carrying charges" by the Exchanges, where it is carried on; and pawn-broking, by those who pay them. This business has grown up within the past ten or fifteen years in connection with the option system, or trading for future delivery, in these markets, instead of spot delivery, for cash, as in the case of stocks, bonds and petroleum, which are borrowed for delivery by the shorts.

This difference in the system of speculation in these agricultural products, or staples of commerce, and in stocks and petroleum, has, for its excuse or reason, the fact that in produce there are crop years, while the crop of railroad securities is perennial, and that of crude oil is dependent upon the success with which oil has been struck by explorations in new fields and deeper drilling made in old ones, as well as on the position in the market of the Standard Oil Company.

One crop of any article is not sufficient for speculators to trade in, and hence they must have the option of selling and delivering two and sometimes three crops, which they often utilize, as was seen in the wheat market during the summer of 1887, when New York was trading in all the unexpired months of 1887 and in half of those of 1888. The June and July deliveries of 1887 were of the crop of 1886; those of August, 1887, to August, 1888, were of the crop of 1887, while the balance of the months, or options of this year, call for the crop of 1888, in which the dealings for December, 1888, were begun in July, 1887. Options and months are synonymous terms in this business, and hence the term May or December option means wheat, corn, oats, pork, lard, meats, cotton, coffee or iron for May or December delivery of the current year; and in trading the sellers offer, and the buyers bid for, the month they desire to trade in; during which, the seller has the option of delivering the speculative grade of the article dealt in, any time between one o'clock of the first and last days of that month, when the buyer is obliged to take and pay for the amount bought. Yet these sales for future delivery are almost always based upon the price of the article on the spot, except on corners and when the trading extends beyond one crop year into the next, when the prospects of the coming crop are the basis, which is higher than the current prices when prospects are for a poorer crop than the last, and vice versa. The difference in the market prices

of the different options on the same crop is greater, the more remote the month on which the delivery is to be made, in case the trade is not settled by payment of differences before that month arrives, as nine out of ten or ninety-nine out of one hundred of these bets are (for they are little more). Only in case of a corner in the actual article, and when a large growing crop drags down the last, is this ascending scale of prices reversed. This difference is called the premium on the later over the nearer month, which is another name for the "carrying charge," and represents the interest on the money paid for the article dealt in insurance and storage for the period between the date of the transaction and the month when it is to be delivered, by the "carrier" or "banker" or "pawnbroker," as he is variously called, who buys the cash stuff and puts it in store, and holds or carries it, till the time of delivery, for the party to the transaction, who bought and who pays the cost of carrying the actual article for the period so held, and as much additional as he will pay (generally as much more), as profit to the carrier or banker. This is what is called "banking on wheat," etc., and the premium, or difference between the different options and spot stuff is what is called the "carrying charges."

This had become a very profitable business at one time, when speculation ran to the extreme on the Bull side, as from 1879 to 1882, and everybody that had enough money to put up a margin of 10 per cent. (or even less), of the actual cash value of an article, bought it. As he cannot usually buy the actual stuff and pay for it, he goes to the carrier and gives him his margin and gets him to do it for him, or goes into the open market and buys it of some one else who has bought it of the carriers, or of some one who sells it "short," with no actual stuff to deliver, and takes his chances of lower prices, when he will buy back what he had sold at a higher price. This is called bearing a market; and the seller who takes the risk of selling what he has not, or before he buys, and of being "cornered" by a Bull clique or operator, and of paying more than he sells for, makes the "carrying charges," without "carrying," or owning or holding or paying for a bushel or pound of actual stuff, and only risks his margin, which must be kept good with his buyer or with his broker, the same as the one who bought, and must pay the "carrying charges" either to him or to a carrier.

It will be apparent, therefore, that on a declining or Bear market the "short" seller has a vast advantage over the "long" buyer, as the former, who is called a Bear, not only makes the decline in prices, but gets the "carrying charges" clear, without carrying anything whatever but his contract in his pocket, and a receipt for his margins. He in fact stands in the carrier's place,

and takes his profits and the actual cost of holding or carrying the article for the period intervening between the sale and the time of delivery. But while he is running a speculator's risk of the market going his way, or down, the carrier runs none whatever, if he does a strictly "carrying" business, except of the goods getting out of condition in store. It makes no difference to him whether the markets go up or down, for although he owns the actual stuff, he has it sold to some one else who runs the risk of the market going down, and takes the profit if it goes up. Of course, if the carrier sees that his original margins are kept good, and the stock in store, where his is held, does not get out of condition, he is doing as safe a banking business as he who lends on paper or collateral, and in fact safer, because he has not only the party to the trade, whom he can hold if solvent, for any loss, if he should not keep his margins good, and the actual property beside. While he has the choice of going into the market "under the rules," and selling the property he is carrying for the account of the buyer, before his "original" margins have been exhausted, if he neglect to respond to a call to keep them good in time to save the carrier from loss on a declining market. But most of these carriers speculate or scalp the markets for a bigger carrying charge.

This business is sometimes done by banks themselves, though in the name of some commission house or broker, who really acts as their agent, though the contracts all stand in his name, and the bank is not known in the transaction. But the bulk of it is done by a few strong houses in the trade itself, where the money is loaned, and who understand the markets and what is going in speculation, while the banks either lend the money to them on call, with or without the warehouse receipts as collateral, or furnish the money, and the carrier does the business and they divide the profits. But these arrangements are secret and their terms unknown, as well as the fact, except when an attempt is made to corner the market and fails, and the "cornerers" with it, and reveal the back entrance to some bank, of which the parties running the deal generally appear to have the key, as in the late Cincinnati deal in Chicago.

This is the temptation to which both the "carrying business" and those engaged in it are exposed, as well as the banks which back them; for with all the spot stock of any article in their hands, it is easy for them to manipulate the market either up or down, as they often do, and are sometimes caught. But legitimately conducted, it is as legitimate as any other banking business, and more safe in both respects than the average, as the actual property, and that, a staple of commerce, with an established value and ready market, is held as security for both the transactions in it and the loans upon it.

H. A. PIERCE.

A REVIEW OF FINANCE AND BUSINESS.

CONTINUED DULLNESS AND ITS CAUSES.

Between the severe extremes and sudden and frequent changes in the weather during February, and the cutting of export rates to the seaboard by the Trunk lines, the war among the Granger roads, and the continuation of the strike in the anthracite coal mines, things, financial and commercial, have been at sixes and sevens, and trade unsettled, or in a state of suspense that has been very discouraging and unsatisfactory, if not actually disastrous.

As a result, complaints are more general of poor trade and bad times so far this year than last; January having been about as unfavorable to trade as possible, except in seasons of depression, which are not now supposed to exist. There have been more frequent and more important failures, as a consequence, and they have extended beyond commercial and banking circles, into industrial interests, notably the iron industry.

THE CUTTING OF EXPORT RATES BELOW INLAND RATES
AND ITS EFFECTS.

But first and foremost of all the above causes of dullness in business at the great seaboard centers, has been the renewed and worst cutting of export rates ever known, even before the Inter-State law. So great has been this discrimination against the seaboard cities, that breadstuffs, provisions, and, in fact, all our export staples, have been taken from the Western cities as far as the Missouri river, and laid down by the Eastern Trunk lines in European cities at actually less money than the inland rate charged by them to the seaboard. So general and severe has this been that the produce trade of the East has been actually paralyzed thereby, until the commercial exchanges of all our export ports, through which our export trade has been going direct, without their being able to compete for it, have risen in arms at this gross discrimination against their commerce by the roads they had built to bring them business. Committees have been appointed by these organizations at New York, Philadelphia, Baltimore, and Boston to take united action before the Inter-State Commission to have it stopped, and for which the New York Produce Exchange has appropriated \$5,000 to bring a test case before the Inter-State Commission. The ruinous effects of this have been two-fold: first, to the roads engaged in it (and all have been); and second, to the seaboard ports, whose export trade has been temporarily ruined by this cutting of through

rates. In vain have the Commercial Exchanges of all the seaboard cities protested and appealed to the Trunk line managers, to save the foreign commerce of the cities.

THE COAL MINERS' STRIKE AND ITS RESULTS.

After two months' unnecessary idleness of the Schuylkill miners and the Reading Coal and Iron Company, and after about \$2,000,000 loss to the Reading Road, and as much more to the miners and the business men on its line and the dealers in its coal, the miners have gone to work at the price they received before the temporary increase last summer. The company, however, has promised to confer further with regard to a new adjustment of wages, but not to pay in the future higher wages than competing companies.

THE GRANGER WAR BEGUN.

The war of extermination or exhaustion and surrender, which we predicted in this article the last year, as sure to follow the completion of the immense parallel systems of the Granger roads, west of Chicago, has broken out the past month with the same virulence and severity as that between the Trunk lines and the West Shore, which ended only in the exhaustion and surrender of the latter. The losses entailed thereby are not yet shown in their reported earnings, for it is too soon. But they will begin to show this month, and not cease until the war, which will be a cruel and probably a long one, shall be over. Indeed they are likely to prove greater than that entailed on the Trunk lines by the indiscriminate cutting of export rates, as shown above. But the two combined, and those of the coal roads added on account of the strike in their mines, will be sufficient to entail smaller dividends earned on all these great systems of railways for a year to come. The effects of these conditions on the money market can but be unfavorable, as well as upon the value of railroad securities, no matter how strongly they are held, as was the Reading stock by the syndicate during the strike.

THE INTER-STATE LAW A FARCE.

Notwithstanding this disregard by railroads of their home customers, the Inter-State Commission have neglected to come to their relief, although the long and short haul provisions of the Inter-State law have been openly and clearly violated by every railroad that has thus discriminated against its own field. The subterfuge of the roads, that the law does not cover these cases, and their claim that every ocean steamship line is a part of their route, and that their termini are in Europe and not at the seaboard, are simply masks under which to disguise their open, willful, and determined disregard of the Inter-State law. Indeed, their defiance of the law,

the Commission, the Government, and the people, has been so bold and flagrant, and the course of the Commission so weak and contrary to the letter and spirit of the law, that the merchants of the East, whose business is gone, are fast losing all hope of any remedy, and of any change for the better under the present irresponsible management of these highways of commerce, by which the officers of these corporations can build up an individual, or section, or interest, and ruin another at will, from one end of the land to the other, and make American products cheaper in Europe than in the great manufacturing and commercial centers of the East.

AN OFFICIAL REPORT ON THE CAUSES OF THE STAGNATION
IN TRADE.

Confirming the foregoing, another special committee of the Produce Exchange of this city, appointed to investigate and report upon the causes of the continued dullness in trade, taken from among its most prominent members, including Ex-Mayor Edson, Messrs. Alexander Munn, whom we have quoted above, E. R. Livermore, and James McGee, charged in their report to the Exchange the chief blame upon the railroads, and their unjust discriminations, in violation of the common law of carriers, the State laws under which they were chartered, and the Inter-State law under which these discriminations, which that law was to stop, are worse and more general than ever before, in utter disregard of the commissioners, who are doing little to enforce its provisions. Yet the railroad influence, through one Standard Oil member of that committee, was able to suppress this report in which four members concurred.

WHAT THE PHILADELPHIA EXCHANGE COMMITTEE SAYS ON THIS
SAME SUBJECT.

The chairman of the Philadelphia committee, Mr. J. R. Tomlinson, said he was in favor of another remedy, namely, the enforcement of the law of common carriers through the courts of the States, although he admitted railroad influence reached the bench, and railroad money the bar, of every State to such an extent that this remedy might be too slow.

This member of that committee, appointed by the Philadelphia Commercial Exchange, as was a similar one by the Baltimore and Boston Boards of Trade, to consider this same railroad problem, admitted that the Inter-State Commission had failed to enforce the Inter-State law, though he did not impugn their motives. But he also said that he believed there was still another remedy that would be effective, in an action by the Attorney-General of a State for the forfeiture of the charter of any railroad that discriminated

in favor of Inter-State commerce, or rather in favor of commerce from other States, against the citizens of the State which chartered it, and owned it, and furnished the local traffic which had to pay the losses on the through cut rate business, by which these same roads were ruining both the commerce and manufactures of the Eastern States. Certainly, said he, there should be some remedy somewhere, either to compel these roads to live up to, or forfeit their charters.

STATE CONTROL OF RAILROADS.

The result has been a rapid change in the views of business men, who a year ago doubted the wisdom of State supervision of the railroads. It is true that in the West the sellers of grain, who are not affected by the present rates, are quite unmoved over the situation at the seaboard. So long as they can sell their grain at the prices they desire; they do not care whether the purchasers live in New York or Liverpool, or how those who live in either of these places are affected by the operation. The sudden conversion to the need of State railroad supervision is not in the least surprising; it is the old story over again, men believe in that kind of governmental policy from which they are likely to make the most money. We are not aware that there is the slightest principle involved in the question; it is one purely of self-interest. Those who are helped by the policy of a railroad company, whatever that may be, are ever ready to defend it; those who suffer, are as strenuous in their denunciations and demands for a change. This has always been the case; whether State management in this country, in which no permanent civil service exists, and in which the simon pure politician, aided by clerks knowing and caring less about business than practical politics, plays such a controlling part, is a remedy which only the boldest would dare apply, and which ought not to be tried until every other has been exhausted. Thus far, the State has but just begun to show its power over railroad companies.

A REPRESENTATIVE BUSINESS MAN'S VIEWS.

In the way of illustrating how this feeling is growing among most prominent and conservative business men in those lines most affected by the existing policy of the railroads, a conversation is here given, in which Mr. Alexander Munn, one of the most prominent and conservative shipbrokers and freight agents in the city, expressed himself as follows to the writer of this article, in answer to the question of when the present unsatisfactory conditions of business would change for the better. Never, said Mr. Munn, so long as Europe can buy American products cheaper in her own markets than we can buy them at the sea-

board, and cheaper than the Eastern merchant can buy them in the West, where Europe does, and lay them down at New York, Philadelphia, Boston, Baltimore, and the great manufacturing and commercial centers of this country, as has been and is now the case, owing to the railroads refusing to carry freight as cheaply to the seaboard markets as they do to Europe, in open, direct, and systematic violation of the Inter-State law by the Trunk lines, and to such a general extent that it is almost impossible to do any export business in grain, flour, or provisions from here. When asked what remedy would be effective for these evils, he said they would never be remedied until the Government owned and operated the railroads as it does the post-office, and stop all this mismanagement of our railway system, by, and in the interest of, individuals and localities.

A few interests are thus being built up, said he, into monopolies and trusts by these railroad discriminations, by which trade is transferred from one center to another at the will of a small number of railroad managers. Investors need the same protection that merchants do; and the Government alone can stop the stock-watering and jobbing of not a few of these corporations, which issue their securities without limit or responsibility, float them on the public and then turn about and drown or freeze them out. The investing as well as the commercial, industrial and working classes, all of whom are dependent upon these railroads for employment of their capital and labor, the exchange of their products and for communication, will yet combine and put these highways under public control.

DECREASED FOREIGN BUYING OF STOCKS

has been one of the effects already produced by these rate wars, although the European war scare has been the ostensible cause of the falling off in the foreign orders. This has been seen in the condition in the foreign exchange market. Had the demand for remittances by importers been at all free the past month, sterling exchange would have been close to the gold exporting point, in the absence of a fair supply of commercial bills against exports, which have been light, despite the slashing of export freight rates by the railroads. If exports do not increase from this on to the next crop year, it would not be surprising if we should be exporting gold next summer, should Europe take a notion to sell or even to quit buying our securities.

BANK FAILURES AND THEIR EFFECT.

There have been several bank failures, not large in but one individual case, yet enough in the aggregate to cause distrust, and a drawing in rather than an extension of credits; and, coming as they have, on an easy money market, have indicated something wrong

in the general condition of business as well as exceptionally weak spots. The aggregate of them, however, is large enough to have a depressing effect in their immediate localities, while they have no doubt tended to strengthen the money market, and turn it upward again by a withdrawal of country bank deposits to meet the increased demand of depositors on interior banks, where these failures have happened. This has been reflected in the reduced surplus reserves of the New York banks again.

THE MONEY MARKET HARDENING.

The shadow of coming financial events may be casting itself before, and is reflected in the hardening of the rates for money and in the steady depletion of the surplus bank reserves, which has been aided by the withdrawal of country bank deposits, as explained above, since the country bank failures began. Whether this tendency is likely to continue until another crop year, when the movement of currency to the interior, to start the next crop, depends somewhat upon circumstances rather out of the ordinary course of affairs. Our last crops were short, and the early movement comparatively free on the first half of the year. Should these crop estimates prove correct, we are likely to require less money in the country to handle them this spring and summer, and money may come back to the East, as it used to do, and as it did not last year and the year before, for want of employment West.

THE COAL ROADS AND TRADE.

Reading lost over four-fifths of its coal business according to the January returns of the manager of the coal roads, and the February returns cannot make much if any better showing. Such returns would show, as compared with its last year's tonnage, a loss of 812,000 tons. While there was a loss during the early part of January in the total production of anthracite coal, it was nearly if not all made up before the month ended by the increased production of the other coal roads, notably the Lackawanna, the Pennsylvania and the Delaware Companies, together with an increase in the output of bituminous. But the coal famine that was to be, has not been, even with the most severe weather and biggest domestic consumption in years, in January and February. The advance of January is therefore partly lost, and manufacturers and railroads have all been holding off, as well as dealers, from buying ahead until coal is plentiful again. Only the iron industries on the Reading Road that were dependent upon it for coal have been obliged to close.

FAILURES IN THE IRON TRADE.

The few large failures in the iron trade, notably at Pittsburgh, have caused no little surprise, as it had been supposed that the

manufacturers were in a generally sound condition, notwithstanding the late dullness, having had two good years in which to fortify against a reaction. But the cause of their troubles seems to be the same old, old story of doubling up their plant and capacity whenever times are good, and putting all surplus earnings into them ready to be caught with too much capacity and too little money whenever trade slackens. This seems to be a fatality of our iron men, like almost all others who are stimulated by excessive profits when times are good. Otherwise, the iron trade seems sound, though slow, awaiting the tariff changes.

THE STOCK MARKET NEGLECTED.

The Stock market has not been a point of any particular interest the past month, as it has been so cliqued that any advances have been simply the result of the covering of over-confident shorts, who sold too heavily on coal strikes and snowblockades, and rate wars; while any decline has been more the result of short selling, except by Europe, on "war news," than by investors. It is simply a professional speculators' market, made by a few men, and a very small market at that, the public having deserted Wall Street and left it to the brokers, as their big principals are out of it too.

The latest, if not the last straw on the speculative camel's back is the cutting of inland rates by the Trunk lines from the West, which refused to lower this so long as they were able to stimulate through export business from the West by doing it for the same to Europe as to the seaboard. When all this business that could be, was secured by contract ahead, then the Trunk line managers met and solemnly restored export rates to the full inland rate, with ocean rate added. But before this went into effect, on the 20th of February, they had begun the wholesale cutting of inland rates to the seaboard to a point that left the through rate the same as before, but gave the merchants at the seaboard a chance to do a little something for a time at least. This has discouraged any Bull on stocks from buying anything for advance; while the seaport dealer in produce regards this as only a temporary sop thrown to him by the railroads to appease his wrath at the cutting of export rates. Never was the railroad situation more mixed and the stock market in a deader state as a result of these conditions.

CONDITIONS OF GRAIN MARKETS AND EXPORT TRADE.

There was a slight improvement of the export trade at the close of February, but it was delayed three weeks longer than expected; and, in the meantime, the Bears in the Produce markets hammered them down to pretty near the prices from which

some of our chief export staples started last fall. But when this break in prices brought in more demand, instead of the markets reacting, they went lower still, as at this juncture the cutting of inland freight rates, as above described, began, and reduced the cost of everything brought to the seaboard at the old rates, several points lower, under the increased offerings of grain from the West at this reduction of 5c. to 7c. per 100 in the inland rates just at the close of the month. This may serve, however, to still further increase seaboard exports, and as Europe is on the last half of the crop year, it is expected to be more dependent upon this country for her food supplies from now on.

WHY PROVISIONS ARE DEPRESSED.

The above remarks on the breadstuffs market and situation, do not apply, however, to provisions in which there is a large short interest on the part of some of the great Chicago packers, notably, Armour, while, on the Bull side, and opposed to him, are the two other largest packers in the country, namely, Fowler Brothers and B. P. Hutchinson, or the Chicago Packing Company. There has been a big fight between these giants of this market the past month for its control, Armour being short and the others long, the latter having the advantage early in the month, but at the close the former has had the best of the fight.

THE COTTON MARKET.

This market has been about as narrow as that in provisions, from the fact that there has been little general or outside speculation in either. The Liverpool "straddlers," are long there and short in the New York market, of which Inman is supposed to be long and playing a waiting game, with a view of forcing the Liverpool shorts to cover. But this is about all there is to this dull market.

OTHER MINOR MARKETS.

The coffee market has had a set-back by selling for the account of Havre and other European markets, and speculation has been pretty well killed in that market by the past year's manipulations. Petroleum has been put up to 95 and over by the Standard Oil Company, and unloaded on the Stock Exchange crowd, which bought it on the points of the Standard that it was going to \$1, on the forced restriction in production by the "combine" and the cold winter. But it has since been broken to nearly 85c., and the points as usual proved of value only to the givers.

THE DRY GOODS TRADE.

The wholesale, importing, and jobbing dry goods trade have reported a pretty fair business for the month, which, though done on a very small margin, compares favorably with a year ago. They

also report moderate stocks in all lines, and manufacturers generally running full time. They predict a steady, safe business the coming season, though the fears of manufacturers that the tariff may be reduced, keeps them pretty close to consumption with their production of goods. This, however, is a good rather than a bad tendency, and insures a steady, safe trade for the balance of the season. The same is true of the jobbing and domestic distributing trade of the East generally, as they are not subjected to the railroad discrimination on west bound freight, or in favor of imported goods, shipped in bond to the interior. These trades are now making up for the late dullness by reason of snow blockades.

FINANCIAL FACTS AND OPINIONS.

Taxation of Personal Property.—Elsewhere in the present number will be found several extracts from a report by Professor Ely, of Johns Hopkins University, a member of the Maryland Tax Commission, to the Legislature of that State, on this subject. We have made frequent reference to the taxation of personal property for the purpose of showing the injustice of the grossly irregular methods of assessment which prevail almost everywhere. Notwithstanding the evidence that is accumulating daily of this fact, the subject has failed to command that attention from legislators which it deserves. Nevertheless, there seems to be an awakening in the legislative mind concerning it. The object of presenting the evidence herein laid before our readers is simply to add fresh proof to that already given of the injustice and inexpediency of levying a tax on personal property. Professor Ely has not added any new arguments especially in condemnation of the existing system of taxation, if it can be called a system. Indeed, we are not aware that any one has added new arguments for a long time. In truth, the reasons for abolishing the tax are all on one side. In brief, the principal objection to taxing such property is that in most cases the property on which a tax is thus assessed has already been laid under contribution for taxable purposes in another form. In other words, the great mass of personal property which is included in the category of taxation consists of the evidences of real property, bonds, stocks and the like, on which a tax may be properly assessed. This is the chief objection to the assessment of personal property. It is double taxation. A tax has once been laid on the real thing, on the actual visible property, and the personal tax is laid on the evidence or title of that property. There is no more justice, there-

fore, in imposing such a tax on the evidence than there would be in imposing a tax on the title to real estate. The injustice and iniquity of the existing laws in all the States are so glaring that we trust our legislators will bestir themselves without further delay. There is, perhaps, no subject in the domain of State legislation more worthy of the immediate and careful attention of legislators. Maryland is no worse in this regard than other States. All are in a condition of semi-barbarism with respect to their tax systems.

Investigation of the New Trust Companies.—Notwithstanding the enormous amount of business before Congress, the members of that body seem to think they have time enough to indulge in an investigation of the various trust companies recently formed. Without discussing the merits of these associations, the absurdity of congressional investigation of them must be apparent. Their existence, so far as they depend on any law whatever, is based wholly on State law. They are amenable to the State authorities alone, and they have authority to order investigations. The State of New York has undertaken an investigation of this nature, and has already begun to investigate the sugar trust, one of the newest and largest of the number. The expediency of State investigation we do not question, because in the event of discovering reprehensible practices, it is within the power of the State to administer remedies and to prescribe punishments; but suppose a committee of Congress should find that trust companies were odious in many regards, that their methods of doing business were reprehensible in the highest degree, yet the national government would be powerless to apply a remedy. There are some things, at least, which the national government cannot do, and we suppose this principle is clearly settled, that wherever it has no jurisdiction, it also is powerless to investigate; while the States, on the other hand, having jurisdiction, also have ample power to look into the formation and management of these associations. Congress has quite enough to do without attempting to investigate the trust business; and if a general election were not impending next year, we do not think that Congress would waste much time in investigating into the nature and methods of trust companies now.

Branch Banking.—This system of banking has been long established in Europe. Superintendent Paine, of the banking department of New York, has considered the expediency of granting this privilege to bank associations and savings institutions in that State. He says that under certain restrictions much might be said in favor of authorizing savings banks to have subsidiary depositories

for receiving and disbursing money. The Bank of France is notably an institution of this kind, having a branch in each of the political departments into which the country is divided. This institution, at least, has been one of the great banking successes of the world, and its numerous branches have been of the utmost benefit to the French people. Mr. Paine further says that "two notable organizations are the National Provincial Bank and the London and County Bank; their combined assets aggregate about \$300,000,000, and they have upward of three hundred branches in the suburbs of London and in the provinces. The advantages which would accrue to a bank in a large city, in the way of using its funds through subordinate offices located in agricultural and manufacturing communities, are patent, and, under the control of men of perfect integrity, no harm presumably would result. Such a corporation, however, whether National or State, in the hands of persons not of the character indicated, might prove an instrument for great harm. Experience has shown that under our system, where a close alliance existed between a small and a large bank, the former has had, generally speaking, in an emergency to go into liquidation. The independence that our banks located in the rural districts possess of those located in the cities, where, at times, without notice, values are seriously depreciated, has doubtless been the means of effecting the restoration of confidence by aiding in the amelioration of monetary disturbances. In enacting the Free Banking Act of 1838, the Legislature of the State gave ample scope for the creation of banks, and no limitation is made as to their number or location, so that each community may have the benefit a banking institution gives. Certainly no necessity exists for the adoption of the suggestion mentioned at the beginning of this article; it undoubtedly tends to centralization, which, under our form of government, is to be deprecated in connection with corporations of a public or semi-public character, unless absolutely necessary for the well-being of society."

Mining Dividends.—The San Francisco *Journal of Commerce* says that nearly nine millions of dollars have been distributed among the shareholders of the various Pacific coast mines during the year. This fact, as that journal rightly remarks, shows that mining does pay. The actual dividends paid represent over ninety millions of dollars capitalized at ten per cent. At eight per cent., a very good dividend as times go, it represents over one hundred and thirteen millions of dollars. Much of this is English capital and Eastern, but the bulk of it represents the investments of the solid men and the speculative people of the Pacific coast. The dividends for the past seven years have reached the snug little sum

of sixty-five millions. These dividends have been greater, reaching the figures of twelve millions and a quarter. Since that they dropped to about seven millions, and have taken an upward stride again.

Appropriations for Public Buildings.—One of the ways in which Congress proposes to solve the surplus question is to spend it. This has the merit of great simplicity on the one hand, and will yield great delight to prospective contractors and workmen on the other. It is quite true that the Government can afford to indulge in public building to an extent which would not have been warranted a few years ago. It is true that from an economical point of view the construction of many public buildings must be condemned. The cost of building them, of keeping them in repair, and of paying their custodians, is much greater than would be the rent of such premises as are needed for public purposes. But there is an additional justification for owning some of these buildings. They are one of the signs of power, of national existence. Abroad, one of the visible signs, which is to be seen everywhere, is the uniformed and armed soldier; but in this country the few soldiers that are maintained are kept west of the Mississippi, and almost the only visible sign beside the courts and the postmasters and a few other officials, are the buildings which have been erected for public use. They do, therefore, stand for something. They have a sentimental purpose in addition to the business purpose for which they were erected. For this reason, doubtless, more might be erected in different parts of the Union, and especially at Washington, where their need is very apparent. Indeed, nearly all the departments of government, excepting the War, Navy, and State, have outgrown the buildings which were erected for them. Though this is true, it does not justify the enormous outlay now proposed. It is an unwise expenditure for which no justification can possibly be given. Indeed, it is said that the committee on public buildings, who at first were inclined toward very liberal appropriations, are staggered over the rapidly increasing demands. This movement is like the growth of a snow-ball on a damp day. Perhaps the demand has become so great as to defeat itself. This would be preferable to the erection of a very large number, which not a few congressmen are quite willing should be authorized. This movement is the less excusable for the reason that so long as the Government has a debt, and it still has a huge one, every surplus dollar can be profitably expended in discharging it.

Harper and Bank Examiners.—Ex-President Harper, late of the Fidelity Bank of Cincinnati, but now a resident of the Ohio

Penitentiary, has unbosomed himself to a newspaper reviewer concerning the kind of bank examinations which occurred during his presidency of that ill-famed institution. In effect, he says that if the Bank Examiner had been competent and had told him in the youthful days of his iniquity that he was violating the law and must stop, two things could have been accomplished by such wholesome admonition. First, the bank could have been saved from ruin, and secondly, Harper could have been saved from the penitentiary. Doubtless the Examiner in this instance, as in some others, must be severely blamed for omission of duty, but Mr. Harper must live longer than any other individual ever has, to find any person who will agree with him in the opinion that the failure of the Bank Examiner to do his duty furnishes the slightest justification for his own iniquity. It is true enough that other Harpers have lived who were quite inclined to ascribe their ill-dealings and ill-luck to some one else; but the wrongdoing of one can never be used for a shield or cloak for the wrongdoing of another. Mr. Harper did not add, however, on this occasion, what he said on a previous one concerning his curious ways of leading the Examiner aside from his obvious work by the use of champagne and other deviating excipients. This is a trick which has been practiced on several occasions, we regret to say, with great success by cunning and faithless bank officials. It will not do, however, to condemn all of the Bank Examiners after Harper's wholesale fashion. Nor does the statement contain the smallest semblance of truth, that a great many more banks are in the same fix as the one over which he presided. Nor is another statement made by him true, that nine-tenths of the bankers of the country could be put in prison for technical violations of the statutes. The truth is just the reverse. Most bank officials possess the highest integrity, have the utmost regard for the law, and are exceedingly scrupulous in fulfilling their duty. The Harpers are, notwithstanding his bold assertion, happily few, and so, also, we believe, are the Examiners of the kind who were assigned to duty in the district wherein his bank was located. The mischief wrought by Harper, and by the wrong-doing of the Bank Examiner in the Cincinnati district, simply shows how much harm can be wrought by an individual here and there; and if there were many more, the whole system would become corrupted and lose the public confidence. The fact that a national bank is rarely found to be a wrong-doer, and a national bank Examiner faithless in executing his trust, is strong proof that the institutions generally are sound and worthy of public confidence.

The Nicaragua Canal.—As the scheme for building the Nicaragua Canal is more rational than that for building the Panama, the

nature of the Government existing in the country through which the canal is to be built may be briefly described. It is a republic of the federal type, with a legislative assembly consisting of eleven members; also a senate of ten members, and a president who is elected for four years, and surrounded by a cabinet composed of four ministers. The seat of government since 1858 has been at Managua. The population of the State is about 275,000 persons, who live in the ten departments into which the country is divided. The largest town is Leon, having 25,000 inhabitants; while several others have from ten to fifteen thousand. The people are cordial, and the Government offers to settlers any unclaimed tract of land at the rate of twenty to forty cents an acre. In Nicaragua the great geographical feature is the depression stretching for three hundred miles northwest and southeast parallel with the Pacific coast, and transversely to the Central American plateau, which it almost completely interrupts. The depression, which lies at a mean elevation of scarcely one hundred feet above the sea, is flooded by the two great lakes, Managua and Nicaragua, which collect nearly all the drainage of the western provinces, discharging it through the outlet of the Rio San Juan. Throughout its entire length this depression is traversed by a remarkable volcanic chain of isolated cones, which, north of the lakes, takes the name of Maribios, terminating in the extreme northwest with Coseguina, 4,000 feet high. The contract grants to the Inter-oceanic Canal Association are extremely liberal, and carry with them valuable public lands, with the right to use, without cost, all timber, stone, and other materials from the Government domain necessary for the construction and operation of the canal. By agreement with the Government, the canal and its ports are to be neutral territory, and the ports free ports. The canal property is exempted from all manner of taxes, contributions, of forced loans, and its ports and waterways from dues and charges of any kind, or upon vessels of any class, and all articles in construction, operation, and maintenance are to enter the country free of duty. The survey for a canal has been twice made under the auspices of the United States Government, once in 1872-1873, and later in 1885, by A. G. Menocal, of the United States navy. In addition to these surveys, there have been frequent inspections of the route. The distance from ocean to ocean by the proposed route is 169 miles, of which forty miles will be actual canal, and the other 129 miles free navigation through Lake Nicaragua, the San Juan river, and the Rio San Francisco.

A Metallic Standard for Russia.—The Russian Minister of Finance has submitted to the Council of the Empire, a law to establish a

metallic standard as an introductory measure to consolidating the Russian currency. The bill provides that for the time commercial dealings and contracts for delivery or purchase or leases may be concluded on the specie value. Payments due in conformity with such business agreements are afterwards to be made in Russian gold or silver money, or credit notes at a rate fixed for every month by the Minister of Finance. Payments of fiscal import dues are also to be made in specie, but at an officially fixed rate, excepting customs duties, which are to be paid, as hitherto, in gold. The object of the measure is to bring gold and silver into circulation, and to prepare the way for a compulsory metal standard.

Savings Bank Books.—The Massachusetts Legislature has recently considered a recommendation of the Governor for the enacting of a law requiring savings banks to call the books of all depositors for examination at stated periods, besides requiring the simultaneous examination of national and savings banks when the two are in any way connected, and also the addition of bonds of dividend paying corporations of other States to the securities in which savings banks might invest. To the first proposition there was at first no opposition; the banks favored it; and the Savings Banks Commissioners submitted a bill requiring the calling in of the books in 1889, and every third year thereafter, at such time during the calendar year as each bank may elect. Subsequently the objection was raised, not to the wisdom of the provision, but to the practicability of putting such law in operation or of enforcement, particularly as no penalty would be inflicted. It was conceded that the idea is good, but claimed that it would result in no good to depositors, and it would be useless legislation. All of these matters are of prime importance. The first especially should be enforced, if possible, everywhere. The practice, both by savings and discount banks, of the more frequent examination and balancing of bank books would prevent many frauds and mistakes. In the case of savings banks in particular, those institutions would have a better knowledge of the whereabouts of their depositors, and there would be less occasion for the lapsing of deposits. Several of the States of late have enacted laws disposing of unclaimed deposits after a considerable period; but if the books were more frequently called, there would be fewer deposits of this nature. Doubtless it is this consideration which moved the Governor of Massachusetts to make his recommendation. The other States where savings banks exist should promptly imitate Massachusetts in such legislation.

Some of the Costs and Risks of Manufacturing.—In these days of

keen competition the utmost economy must be intelligently practiced in order to win the race. Every new invention which will lessen the quantity of labor, or enable the manufacturer to make use of cheaper labor, must be introduced. The manufacturer who has not the capital to thus increase the efficiency of his plant or the courage to do so, will inevitably fail. We could give many instances of the heavy cost of some of these changes which have been introduced of late years. Sometimes a mill has been built with the most approved machinery, and yet before it had been running long new devices were discovered and put into practice, and which it was needful to introduce, notwithstanding the excellence of the machinery in operation. It is now reported that a new process has been discovered of refining sugar, wherein electricity is to perform an important service. The saving from this new process is described as very great, while the cost of its introduction is comparatively slight. Thus it is said that a plant which would cost \$150,000, capable of refining five thousand barrels of sugar a day, would be equal to an outlay of a million and a half of money to refine a similar quantity by the existing method. If the new process be as economical as described, any one can readily perceive the enormous advantage which a refiner with a \$150,000 investment would have over a refiner having an investment of ten times that amount to produce the same quantity of sugar. These figures illustrate in a startling way one of the inevitable risks and costs of manufacturing, and which are too much ignored in the consideration of profits by workingmen and labor agitators and economical writers in general. Probably nothing conspires more toward the invention of economical processes, as we have elsewhere remarked, than a high price of wages, and if this process be as perfect as the inventor claims, it would work a revolution of a most serious character in this great industry.

English-Mexican Investments.—A large amount of English capital is going into Mexico. Some of these investments are made by individuals, others are by English companies. The Mexican *Financier* says that one of the most recent of the several companies organized is that known as the Mexican General Land, Mortgage and Investment Company, Limited. The authorized capital is £3,000,000, equal to \$18,000,000 Mexican currency. The company's first purchase in this country is an estate of about 2,000,000 acres situated in the central part of the State of Durango. The estate is watered by the Nazas, Pefion and Alamo rivers, and by one hundred and thirty permanent streams and springs. The property is situated thirty miles west of Jimulco station on the Mexican Central Railway, and when the city of Durango is connected with

the Central by rail, the road will pass through the estate mentioned. On the estate are forty-two villages with 6,000 population in the aggregate. The price paid is \$250,000, gold. It is believed that under careful operation the annual profit of the estate can be raised from \$60,000 a year, gold, as at present, to \$300,000, gold. The new company proposes to make loans on real estate security, first mortgages only, with interest at from eight to twelve per cent. The people of the United States should not be slow in turning their attention to this quarter as a field for money-making. We certainly have a large abundance of capital for investment. We are willing to risk quite as much as foreigners in this way. If money can be made in Mexico there is no particular reason against our making it, except the incapacity or unwillingness of Americans to do anything away from home. But it is especially to be regretted that foreigners should obtain any permanent footing on Mexican soil in the way of purchasing or obtaining a mortgage on the real estate of that country. Commercial dealings with Mexico by foreigners are transitory, and the relations thus established can be speedily ended; but the consequences of foreign ownership of Mexican soil, either through mortgage or direct purchase, would be quite different. Mexico and the States southward to the isthmus are in an unsettled condition, and land purchases by foreigners in any considerable quantities would go far toward putting them under the control of foreign powers. Not until a very late day has our Government done anything in the way of preventing the alienation of our own land to foreigners; but the reason for checking this alienation also exists, though in lesser degree, in Mexico and the States of Central America. These two things, then, should be kept in sight: First, if anything is to be made from Mexican investments, from banking and in other ways, why should not our people be as ready to reap the profits as others? and, secondly, the Government should narrowly watch the transfers of Mexican land to foreigners. It was stated not long since that the Western National Bank of New York, or rather some of the persons who are prominently connected with its management, were negotiating for a bank in Mexico, and, in truth, negotiations may be pending of that nature. We trust that the report is true. The National Government and the American people should become as closely identified as possible with Mexican institutions and interests.

THE PUBLIC DEBTS OF EUROPE.

BY ALFRED NEYMARCK, MEMBER OF THE SOCIETY OF POLITICAL
ECONOMY OF PARIS.*

I.—INCREASE OF PUBLIC DEBTS SINCE 1870.

In this long enumeration of figures, what first strikes the mind is the considerable increase of the public debt of European States since 1870. This debt amounted to about 75 milliards in 1870; it attains 115 milliards in 1886. The increase is not less than 40 milliards.†

We have designedly taken this date of 1870, which reminds us of the greatest misfortunes our country has ever endured, the heavy charges which were the consequence of the war, the burden that weighs upon us all. The war of 1870 has cost France over ten milliards; without it we should not be overloaded with crushing taxes, and no people would more easily support the weight of its public debt.

No country, indeed, has suffered such great disasters as ours; not one has had an indemnity of 5 milliards to pay to a foreign country; not one has had to reconstitute its military power, its war materials; not one has had, so to speak, to make over the entire country itself. And yet what do we see? With the exception of England, which, by sundry redemptions of annuities, has been able to diminish its debt by 1,350 millions, with the exception of Denmark,

† According to the *Journal de la Société des Statistique* (April, 1867), the public debt of Europe amounted, in 1865-1866, to the following figures:

Total expenditures of the budgets.....	10,308 millions.
Capitalization of the debts.....	66,013 "
Interest and amortization.....	2,438 "

The population of Europe was estimated at 291,738,379 inhabitants; the debt per inhabitant represented 256 francs 30.

M. Paul Boiteau, in his article on the general budget of the State, inserted in M. Léon Say's *Dictionnaire des Finances*, has collected, under the title of "European Budgets," most of the budgets of the continent, and to facilitate their study he has placed opposite the estimated amount of expenditure for 1885 the amount of the consolidated and other debts that burden the assets of the different States, as well as the amount of the military expenditures, and those on the debt and amortization. He obtains the following figures:

Total estimates of annual budgetary expenditures.....	18,848 millions.
Capitalization of consolidated debts, redeemable debts, different annuities, etc..	108,431 "
Expenditures on the debts and amortization.....	4,864 "
Military, war, and naval expenditures.....	4,439 "

These figures may be compared with those we shall give later.

* Translated from the French by O. A. Bierstadt.

which, by fortunate conversions, has been able to reduce its debt by twenty millions, all the countries have, since 1870, incurred debts in enormous proportions. Here are some precise figures on this point. We arrange the States in the order of the increase of their debts since 1870.

INCREASE OF THE NOMINAL CAPITAL OF SEVERAL PUBLIC DEBTS SINCE 1870.

France.....	12,000 millions.
Russia*.....	11,000 "
Prussia.....	3,217 "
Italy.....	3,132 "
Hungary.....	2,249 "
Austria.....	1,770 "
Spain.....	1,300 "
Belgium.....	1,089 "
Roumania.....	701 "
Germany.....	526 "
Saxony.....	388 "
Greece.....	270 "
Servia.....	244 "
Württemberg.....	194 "
Sweden.....	181 "
Hamburg.....	24 "
Finland.....	20 "

The increase of the nominal capital of European public debts, amounting since 1870 to about 40 milliards, has caused an increase of the annual interest and amortization of the loans contracted, an increase of the total expenditures of the budgets, an additional burden of taxation. How much better off we should be, if we did not have to pay every year the heavy taxes that burden our commerce and industry, and which, added to the costs of production, make competition with our products so much the easier? In due proportions the countries of Europe suffer, like us, from these heavy burdens that in all countries oppress the tax-payers. It is war, always war, that is swelling the budgets. Within sixteen years the war and marine budgets have cost France more than 11 milliards, that is, over 700 millions a year; Germany and Russia have expended no less than ten milliards each during the same period, Austria and Italy almost the same amount. Here are five great countries, which, in view of a probable war, expended every year from 500 to 900 millions during the last sixteen years. What would war itself cost them?

The European States pay annually, for their war and marine expenditures, nearly the same sums as for the interest and amortization of their debts. According to the last budgets, as the figures show which we publish further on, the war and marine cost Europe 4,528 millions, while the interest and amortization of the public debts require 5,343 millions. This is the statement:

* Increase since 1866.

II.—EXPENDITURES FOR WAR, NAVY, NOMINAL CAPITAL, AND INTEREST OF DEBTS.

<i>States.</i>	<i>Financial Years.</i>	<i>Nominal Capital of Debt.</i>	<i>Annual Interest and Amortisation.</i>	<i>Annual Expenditures, War and Navy.</i>
		<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>
Prussia.....	April 1, 1886....	4,814	220	539.1
Germany.....	Dec. 31, 1886....	526	20.1	—
Austria.....	Dec. 31, 1884....	9,288	389.9	342
Hungary.....	—	3,178	206.8	—
Wurtemberg.....	Dec. 31, 1885....	525	21.5	—
Saxony.....	—	800	33.2	—
Hamburg.....	Dec. 31, 1883....	178	8.7	—
Bavaria.....	April 1, 1886....	1,790	61.1	—
Baden.....	Dec. 31, 1885....	53	2.1	—
German States.....	—	268	11	—
Italy.....	—	11,131	532	342.5
Sweden.....	—	345	16.4	35.5
Norway.....	June 30, 1885....	151	6	18.3
Denmark.....	Dec. 31, 1885....	274	12.4	23
Netherlands.....	—	2,260	69.5	69.5
Belgium.....	—	1,771	86.5	45.6
Spain.....	July 1, 1886....	6,042	274.1	200.3
Portugal.....	—	2,821	89.3	39.3
England*.....	March 31, 1885..	17,829	737.5	740.2
Switzerland.....	Jan. 1, 1886....	32	1.8	17.1
Servia.....	June 13, 1886....	244	13.7	16.2
Roumania.....	April 1, 1887....	729	59.2	28.5
Greece.....	Jan. 1, 1886....	348	33	23
Turkey.....	1880-1881.....	2,622	55.4	200
Bulgaria.....	Jan. 1, 1885....	—	2.1	—
Finland.....	Dec. 31, 1885....	65	5.9	6.1
Russia.....	—	18,028	1,038	982.4
France.....	Dec. 31, 1886....	31,000	1,336	859.5
Totals.....		117,112	5,343.2	4,528.1

In what enormous proportions might not the public debts of all Europe be reduced, if war expenditures did not absorb every year more than 85 per cent. of these same debts? All the European powers have financial embarrassments; all, or nearly all, of them are increasing or need to increase their taxes. All, without exception, are making considerable armaments. This situation presents the gravest dangers, and yet more than ever the maintenance of peace is necessary to Europe for the consolidation of its credit, the improvement of its financial condition, and for giving growth and confidence to commerce and industry.

III.—CONVERSIONS OF SECURITIES ABROAD AND IN FRANCE.

And yet, notwithstanding the burdens of every kind weighing upon the States, the securities of these same countries were nearly

* According to a note of the Hon. Mr. Hancock, of the Statistical Society of London, from the end of March, 1884, to the end of March, 1885, England pays £22,000,000 for interest and £7,000,000 for sinking funds, or a total of £29,000,000.

all negotiated during the year 1886 at higher prices than have been quoted since 1870. Thanks to the abundance of capital and the lowering of the rate of interest, not only have the public funds risen in value, but considerable progress has been made in financial matters.

States, as well as cities and industrial or financial establishments do not hesitate to carry on, upon a very large scale, operations which they would scarcely have dared to conceive of less than thirty years ago.

To-day, States, whose financial power has always been relatively restricted, are able to contract loans far exceeding those which, but a short time since, rich nations would only have ventured with apprehension.

All the combinations possible in public finances, which long remained in the domain of theory, have entered fully into practice and are currently realized. Many economic and financial prejudices have been dissipated; many principles, still contested a little while ago, have triumphed and made their way.

Credit has acquired an unprecedented force of expansion; the public funds, personal property, have become more and more distributed, more common, more democratic in a certain sort. Their great facility of circulation, mobility, diffusion, accessibility to all fortunes, small or large, have assured them a favor which may be deemed excessive, but which is, in certain points of view, quite justified. This rise of personal property has caused a veritable revolution in the financial conditions of the existence of nations.

Loans, consolidations of debts, conversions, are operations that have become familiar to even the smallest States. And it is quite strange that France, after having taken the initiative with England in some great financial reforms, has been for several years the most timid among nations to realize the happy, legitimate, profitable combinations, which the power and solidity of her credit make so easy to her.

Nothing, indeed, is more curious to observe around us, than the numerous conversion operations already successfully accomplished or in course of preparation. If certain States may be reproached with too great a propensity to borrow, it must certainly be recognized, that most of them take care, too, to borrow at the lowest possible price. As soon as their credit is extended and improved, they try to replace the old, costly, burdensome debts by lighter debts contracted at a lower rate. Financial powers of the second and third class now set us the example. In this order of ideas and facts, it is certainly not altogether useless to examine how recent conversions have been effected, and to indicate the various proceedings thus far employed.

Since 1870, two French public funds have been the object of a conversion: the Morgan loan and the 5 per cent. rente. The way they were effected may be remembered: the holders of the Morgan 6 per cent. obligations were offered the same revenue in a 3 per cent. rente, in consideration of a payment of 124 francs per obligation. The holders of 5 per cent. rentes had to choose between the redemption at 100 francs of their rentes and exchange for a new $4\frac{1}{2}$ per cent. rente inconvertible before a period of ten years, which expires in 1893.

Belgium has made three conversions: its $4\frac{1}{2}$ per cent. has become 4 per cent., then 3 per cent. For the first operation it had direct recourse to a syndicate of bankers, who took charge of the sale of the new rente, while the State looked after the withdrawal of the converted rente. For the second conversion the Belgian Government wished to operate alone and to issue directly its new rente: it did not have all the success desired, and was obliged, after some unfavorable attempts, to accept the co-operation that had been previously given.

Very recently, as was seen in the course of this study, Belgium has accomplished a third conversion by converting its 4 per cents. into $3\frac{1}{2}$ per cents. This operation, carried through directly by the Treasury, was entirely successful.

Sweden has also successively transformed its $4\frac{1}{2}$ per cents. into 4 per cents. and into $3\frac{1}{2}$ per cents. by recurring to the help of great banking houses. The latter issued the new Swedish security in foreign markets, while the State managed the withdrawal of the old securities.

It is evident that the intervention of syndicates and financial companies is almost the only means for such small States as have no national market. It is certain that Roumania, for example, could not have accomplished the conversion of its 6 per cent. debt without the aid of the powerful houses which it called upon. They sold the new security, while the State redeemed the old one.

Spain, at the time of its recent conversion of the Cuban loans, called upon a group of bankers; it had an understanding with them concerning the price of the new security, and with the proceeds of the new loan, redeemed the old debts contracted at a higher interest.

The great States, nearly all of which have important financial markets, do not always feel sure enough of their own strength to disdain the aid of banks and institutions of credit. Without these high influences no important credit operation could, perhaps, acquire an international character and obtain the participation of foreign markets. Also all the conversions operated in large proportions have only been so with the participation of syndicates.

Hungary has accomplished the conversion of its 6 per cents. into gold 4 per cents., and it is just now preparing an operation of the same kind for other debts. Here, the allied bankers have taken charge both of the sale of the new security and of the retirement of the old one. The redemption at par only became obligatory for the holders of the Hungarian 6 per cents. at the end of the operation, which was effected in duly arranged fractions. The law, fixing the conditions of this conversion, was conceived in almost the same terms as the project we formulated in August, 1876,* with a view to the eventual conversion of the French 5 per cents.

In Germany the conversions of Prussian, Bavarian, and Wurtemberg funds have been operated by the issue of loans, whose proceeds have been used in the redemption of the old securities.

Of foreign countries it remains for us to note above all the example of the United States, which, with wonderful skill and perseverance, have accomplished successive conversions under the most fortunate and favorable conditions, without ever allowing private individuals to suffer by these repeated transformations. Thanks to the foresight with which the Americans put forth their bonds in series, partial conversions have been able to succeed one another rapidly; and within a few years 6 per cents. have been changed into 5 per cents., then into 4 per cents., then into 3 per cents. The United States have directly accomplished these numerous operations in their own markets, and in foreign countries with the aid of great banking houses.

But, besides the examples other nations have given us, we might recall those which our French departments and our own cities have offered to us under various forms. There we find some very praiseworthy efforts and very varied combinations. We have seen cities recur to the redemption at par of old debts and to more advantageous loans to lighten their burdens, some addressing themselves to the public, others assuring themselves of the support of syndicates, others treating directly with the *Crédit Foncier* of France, which guaranteed them at a maximum rate the capital they needed to redeem a previous debt contracted at a higher rate.

We have seen finally, still nearer us, the *Crédit Foncier* of France profit, for its own account. and to the great profit of its numerous borrowing customers, by the lowering of the price of money, and convert obligations involving a high annuity into those with a notably smaller annuity. This operation was accomplished with great simplicity; the holders of the obligations to be converted had the preference in the subscription for the new obligations;

* See our study: "*La Conversion de la Rente 5 per cent.*" Paris, published by Dentu, 1876.

they were free not to avail themselves of it, but were duly notified of the approaching and obligatory redemption of the old securities.

Thus the nations around us, and our own provinces, cities, and institutions of credit, have promptly and successfully practiced, under the most varied forms, conversions that have all been profitable. At the present moment some great operations of this kind are in prospect. There is no doubt, indeed, but that England is preparing a new conversion of its consols, whose price is above par; as soon as a propitious occasion arrives, the transformation will be made. In Italy the conversion of the 5 per cents. is now in the order of the day, and it will not be long before it is realized. The Government is already preparing a plan for converting several redeemable debts, and offers $4\frac{1}{2}$ per cents. in place of 5 per cents.

It is to be remarked that all these conversions of securities, which have diminished the interest paid by the States to their lenders, have not at all diminished the burdens of these different countries. To be just and equitable, every conversion should have, as a consequence, a reduction of the taxes. But this has not been the case. Take all the budgets of the countries that have effected conversions; compare the figures of the public expenditures and taxes with those inscribed before and after the conversions, and you will everywhere find an increase of expenditures and taxes.

It should be remarked also, that nearly all these conversions were only successfully realized because the great banks intervened and gave their aid. It must be said that all these operations were facilitated by the constantly increasing abundance of capital, and by the reduction of the rate of interest, in consequence of this abundance of capital.

IV.—LOWERING OF THE RATE OF INTEREST ON MONEY SINCE 1870.

Since 1870, and especially since the day, September 4, 1874, when, for the first time after the war, the 5 per cent. rente was quoted at par, or 100, great changes have taken place in French and foreign markets in the rate of capitalization. Successively, from year to year, slowly at first, then more rapidly, securities of the first-class and safety dropped from 5 per cent. interest to $4\frac{1}{2}$ per cent.; securities of the second class, bringing in $6\frac{1}{2}$, 7, and 8 per cent., dropped to 5 per cent., and even lower. In proportion as the capital of these securities increased, their revenue naturally became less.

Immediately after the war a capital of 100,000 francs invested in 5 per cent. rentes would have produced 5,500 to 6,000 francs rente. The same capital now, invested in French 3 per cent. rentes, would hardly produce 3,700 francs.

Since 1870, the American 6 per cents. have disappeared; converted at first into 5 per cents., then into 4 per cents., they are now 3 per cents., and awaiting a new conversion into $2\frac{1}{2}$ per cents.

The Belgian $4\frac{1}{2}$ per cents., German funds, such as the Baden, Bavarian, Wurtemberg, 5 per cents., etc., have given place in the lists of quotations to securities of lower revenue, to $3\frac{1}{2}$ and 3 per cents. that have reached par.

All over Europe the 4 per cents., which were created in place of the 5 per cents., are at par and even above, or have been exchanged for $3\frac{1}{2}$ or 3 per cents.

Foreign funds, exotics, as they are called on the Bourse, are now attaining the average rate at which European bonds of the second class were formerly negotiated. The English quotations give us some curious examples in this respect.

But ten years ago the Japanese 7 per cents. were worth 100 francs at the end of 1876, and now they are worth 113; the Argentine 6 per cents. of 1868 were worth 60 at the same date, and are now quoted at 101 to 102; the Brazilian 5 per cents. were worth 87 to 88 at the end of 1876, and are now at 103, three points above par.

The Italian 5 per cents., which give net only 4.34, were worth 72 francs at the end of 1876; lately they were at 102 francs, and even above, that is 20 francs dearer than the price at which we issued in 1871 our French 5 per cent. rente.

The Roumanian 5 per cents., which were worth 40 francs at the end of 1876, and which consequently gave a revenue of 8 per cent., sell for over 90. It is estimated, therefore, that the credit of Roumania is now at a higher point than our own credit was in 1871 and 1872, since in these two years France issued her 5 per cent. rentes at 82.50 and 84 francs 50.

The Austrian gold 4 per cents., quoted at 89 to 90 francs, and which a short time since were even sold at 96 and 97 francs, are even higher than our French rentes were in 1871. The Hungarian gold 4 per cents. have gone up to 88 in these last months, while we have issued French 5 per cents. five and six francs lower.

The difference of the prices of the principal government funds, quoted on December 31, 1869, and December 31, 1886, is as follows:

	<i>Dec. 31, 1869.</i>	<i>Dec. 31, 1886.</i>
French 3 per cents.....	70.05	82.20
Italian 4.34 per cents.....	57.30	101.85
American 6 per cents.....	84	134 (the 4 per cents).
Belgian $4\frac{1}{2}$ per cents.....	102 $\frac{1}{2}$	95.40 (the 3 per cents).
Russian 5 per cents., 1862...	85	96
English 3 per cent. consols..	92 $\frac{1}{4}$	101 $\frac{1}{4}$

NEGOTIABLE INSTRUMENT—PRESENTMENT.

SUPREME COURT OF INDIANA.

Brown v. Jones.

The acceptance of a bill of exchange was in these words: "Accepted and payable at 1363 Kinzie street." In the action on the bill for non-payment, the evidence showed that the bill had been presented for payment at the office of acceptors, but not at 1363 Kinzie street. *Held*, that the designation of the place of payment was a part of the contract, and presentment not having been made there, nor sufficient excuse offered for failure to do so, the drawer or indorser of the bill was discharged.

Rev. St. Ind. § 368, provides that "in any action or defense, founded upon a bill or note, or other contract for the payment of money at a particular place, it shall not be necessary to aver or prove a demand at the place, but the opposite party may show a readiness to pay such demand at the proper place." *Held*, that this statute has no application to a case where the demand of payment is necessary to create a cause of action against the drawer or indorser of a bill of exchange.

ELLIOTT, J.—The material facts as they appear in the special finding, but stated in a condensed form, are these: On the eleventh day of February, 1884, the appellees were bankers, doing business at Attica, Indiana, under the name of the Citizens' Bank. On that day the appellant indorsed to them a bill of exchange drawn by him on F. W. Pullen & Co., Chicago, Illinois. The acceptance of the bill was in these words: "Accepted and payable at 1363 Kinzie street." By a series of indorsements the bill reached the First National Bank of Chicago for collection. On the fifteenth day of March, 1884, that bank placed the bill in the hands of Orville Pickham, a notary public, to be presented for payment. "The notary," as the finding states, "went with said bill to the office of the acceptors for the purpose of presenting it for payment, but found the office closed and locked, and was, after the exercise of reasonable diligence, unable to find any member of the firm of F. W. Pullen & Co., and that said bill was thereupon duly protested for non-payment." Notice of protest was addressed to James F. Brown, and, on the evening of March 16th, was mailed to the Citizens' Bank of Attica. On the eighteenth day of that month the notice was received by the Citizens' Bank, and on the same day it was mailed to the appellant at his residence and post-office, together with a written request for payment.

The acceptors of the bill had the right to qualify their acceptance by designating the place of payment. The designation of the place of payment became part of the contract, and it is an element that exerts an important influence upon the case. One of the positions assumed by the appellant is that he cannot be held as an indorser or drawer, because it does not appear that the bill was presented at the place fixed by the contract. It is the contention of his counsel that, while the finding shows that the bill was presented at the office of the acceptors, it does not appear that the office was the place designated in the acceptance. In answer to the appellant's argument on this question the appellees' counsel assume that the case is governed by our statute, and that it was not necessary to show that the bill was presented for payment. The statute to which they refer provides that "in any action or defense founded upon a bill or note, or other contract for the payment of money at a particular place, it shall not be necessary to aver or prove a demand at the place, but the opposite party may show a readiness to pay the demand at the proper place." Rev. St. 368. It is very clear that this

statute has no application to a case where the demand of payment is necessary to create a cause of action against the drawer or indorser of a bill of exchange, and so it has been many times decided. The finding does not show in express terms that the bill was presented at 1363 Kinzie street, nor does it show, as counsel assume, that diligence was used to find that place. It does state, in a very general way, that reasonable diligence was used to find the members of the firm of F. W. Pullen & Co., but it does not state that diligence was used to find the place described in the acceptance. If it were conceded that the general conclusion as to the exercise of diligence is sufficient, it could not be assumed that this conclusion applied to any other acts than those involved in the effort to find one of the acceptors.

It is, however, contended by appellees' counsel that presentment at the office of the acceptors was sufficient. If this be so, then the finding on this point may be upheld. We are, however, constrained to differ from counsel upon this proposition. Our opinion is that where a place of payment is definitely fixed by the contract of acceptance, there the presentment must be made, or a sufficient excuse for failing to there make it be shown, or else the drawer or indorser of the bill is discharged. The cases referred to by counsel do not oppose this conclusion. These cases are *Shed v. Brett*, 1 Pick. 413; *Williams v. Bank*, 2 Pet. 96; *Ogden v. Cowley*, 2 Johns. 274; *Burbank v. Beach*, 15 Barb. 326; *Bank v. Hunt*, 2 Hill. 635; *Wiseman v. Chiappella*, 23 How. 368; *Wallace v. Crilley*, 46 Wis. 579, 1 N. W. Rep. 301. In none of them was the place of payment fixed by the acceptance, and they cannot, therefore, be regarded as at all in point. Our conclusion has a firm support from the authorities. Mr. Daniel, after showing that to charge the acceptor it is not necessary to present the bill for payment at the place specified, says: "In respect to the indorser of a bill or note, or the drawer of a bill, payable at a particular bank or other place, the rule is different. He is not the original debtor, but only a surety. His undertaking is not general, but conditional upon due diligence being used against the original debtor, and such diligence requires presentment at the place specified, where it is presumed that funds have been provided to meet the bill at maturity." 1 Daniel, Neg. Inst. § 644. Another writer says: "When a bill or note is drawn payable at a place named, it is essential to show, against the drawer or indorser, a presentment at the place appointed." Edw. Bills & N. § 679. In *Cox v. Bank*, 100 U. S. 704, the court said: "Cases arise where the drawer of the bill designates in the instrument the place of payment, and the decisions are that in such a case both the drawer and indorser will be discharged unless the bill be there presented for payment at maturity." It was held in *Marsh v. Low*, 55 Ind. 271, that the acceptor is the principal debtor, and so all the cases hold; holding also, without exception, so far as our investigation has gone, that, to charge the drawer or indorser, presentment for payment must be made at the place specified. *Hartwell v. Candler*, 5 Blackf. 215; *Bank v. Brooke*, 31 Md. 7, 1 Amer. Rep. 11; *Smith v. McLean*, 7 Amer. Dec. 693; *Glasgow v. Pratte*, 8 Mo. 336, 40 Amer. Dec. 142; *Dupre v. Richard*, 11 Rob. 495, 43 Amer. Dec. 214, and note, 222.

The question here is one of evidence, and not of pleading. The plaintiffs have failed to establish an essential element of their cause of action. As it is not stated in the finding that the bill was presented at the place designated, and as the burden of proof on that question is on the appellees, we must presume that it was not in fact there presented. *Stix v. Sadler*, 109 Ind. 254, 9 N. E. Rep. 905; *Vinton v. Baldwin*, 95 Ind. 433, and cases cited.

We think justice will be secured by awarding a new trial, and this is adjudged. *Parker v. Hubble*, 75 Ind. 580; *Yerkes v. Sabin*, 97 Ind. 141, 144; *Shannon v. Hay*, 106 Ind. 589, 7 N. E. Rep. 376; *Sohn v. Cambern*, 106 Ind. 302, 6 N. E. Rep. 813; *Telegraph Co. v. Brown*, 108 Ind. 538, 8 N. E. Rep. 171; *Buchanan v. Milligan*, 108 Ind. 433, 9 N. E. Rep. 385. Judgment reversed, at costs of appellees, and cause remanded, with instructions to award a new trial.

BANK CHECK.

SUPREME COURT OF PENNSYLVANIA.

First National Bank v. Shoemaker.

A holder of a bank check has no right of action on the check against the bank, although there are funds of the drawer in the hands of the bank sufficient to pay the check, unless the bank has accepted the check in the hands of the holder.*

Where a check is drawn by A to the order of B, A has no right of action upon the same; his remedy against the bank is an action for damages for dishonoring his check, or he can bring *assumpsit* for the amount of his deposit; his right of action being different, therefore, from that of B, it is error in an action by B against the bank, where there has been no acceptance by the latter, to allow an amendment substituting A as the legal plaintiff, particularly when A's rights are subject to the bar of the statute of limitations.

Action by Daniel Shepp and J. B. Harsh, trading as Daniel Shepp & Co., against the First National Bank of Tamaqua, to receive the amount of a check on said bank, given by John A. Shoemaker to plaintiffs. On August 26, 1874, John A. Shoemaker, being then indebted to plaintiffs, gave them his check on defendant, for \$399.31, in payment of his indebtedness; on the same day, Daniel Shepp presented this check, properly indorsed, to the bank for payment, which was refused; the check was then duly protested for non-payment, and on August 24, 1874, this suit was brought. On November 24, 1885, the case was called for trial, and the plaintiffs proved the indebtedness of Shoemaker to the plaintiffs; the check of John A. Shoemaker given to said Shepp & Co., on the twenty-sixth of August, 1874; the presentation of the check at the bank, and demand for its payment, and the refusal of the bank to pay the check; the fact that, including the proceeds of a note of the Tamaqua Rolling-Mill Company, discounted on the eighteenth of August, 1874, there was sufficient to pay the said check, and \$76.58 in addition. It appeared that on June 23, 1874, the bank had discounted for Shoemaker another note of the Rolling-Mill Company, for \$462.61, which fell due on August 26, 1874, and was protested for non-payment; that the company failed on the same day; and, also, that Shoemaker had, earlier in the day of August 26, 1874, presented to the bank a check, and that the same had been refused payment, because the bank applied the proceeds of the note discounted on August 18th, to the payment of the note maturing August 26, 1874.

GREEN, J.—It has been repeatedly held that the holder of a bank check has no right of action on the check against the bank. Although there may be funds of the drawer sufficient to pay the check, in the

* No suit in equity can be maintained upon the mere possession and production of a check by the payee. In order to work an assignment in equity, some equitable circumstance must exist, as the insolvency of the drawer, or the fact that notice has been given to the bank of the drawing of the check. *Schuler v. Bank*, 27 Fed. Rep., 424. In *Illinois* it is held that a check drawn by a depositor upon his banker operates as an assignment of the sum named in the check, and the payee can recover such sum from the bank. *Bank v. Indiana Banking Co.*, 2 N. E. Rep., 401.

hands of the bank at the time of presentment, and no other appropriation of them made, yet the bank may refuse payment without subjecting itself to a suit by the holder. *Saylor v. Bushong*, 12 Wkly. Notes Cas., 81; *Bank v. McMichael*, 106 Pa. St., 460; *Bank v. Millard*, 10 Wall., 152. In *Bank's Appeal*, 10 Wkly. Notes Cas., 41, we said that an ordinary bank check "is neither a legal nor an equitable assignment or appropriation of a corresponding amount of the drawer's funds in the hands of the drawee. It gives the payee no right of action against the drawee, nor any valid claim to the funds of the drawee in his hands." Of course, if the bank has accepted the check in the hands of the holder, it then becomes liable to pay, and must respond in an action by the holder.

In the present case there was no acceptance of Shoemaker's check in favor of Shepp & Co., nor any acts done indicating an intention to accept it. On the contrary, payment was refused as soon as it was presented. The action was brought by Shepp & Co., in their own name only, in August, 1874. On the trial, in November, 1885, the court permitted an amendment of the record by adding "John A. Shoemaker, to the use of D. Shepp & Co.," and a recovery was then had, upon the theory that the cause of action was the same, and it was simply adding the name of the legal plaintiff. But it is very clear that the cause of action is not the same in any point of view; and that John A. Shoemaker could not be the legal plaintiff in an action upon the check in suit. It is a check drawn by Shoemaker, payable to the order of Shepp & Co., and hence the whole right of action upon it was vested in Shepp & Co., when accepted by the bank. Shoemaker could under no circumstances bring an action upon the check as an obligation payable to himself. He could sue the bank to recover damages for dishonoring his check, or he could bring an action of *assumpsit* to recover the amount of his deposit, as for money had and received, but in no event could he maintain any action upon the check itself. In 2 Pars. Bills & N., 61, it is thus said: "One of the many reasons why the holder of a check upon the refusal of the bank to pay it, having sufficient funds of the drawer therefor, cannot maintain an action against the bank is the existence of such a right of action on the part of the drawer, who may sue the bank in tort for the wrong done, or in *assumpsit*, for the breach of the implied contract to honor promptly the customer's checks. In such action nominal damages may be recovered, though no actual damage be shown." The writer further states that the jury may give the plaintiff in such an action such reasonable damages as he may have sustained from the dishonor. It follows that adding Shoemaker's name as legal plaintiff conferred no additional right of action upon Shepp & Co., in relation to the check in suit. As to Shoemaker's right of action to recover damages for the dishonor of his check, or specifically to recover his deposit, it was of course entirely different from any right of action possessed by Shepp & Co., either on the check or for any other cause; and hence the amendment could not properly be allowed. Either of Shoemaker's rights of action was subject to the bar of the statute of limitations several years before the amendment was allowed, and therefore it was error to permit the amendment against the present defendant, who would thereby be deprived of the privilege of pleading the statute.

An amendment to a declaration will not be allowed if a new cause of action is thereby introduced, especially where the new cause is so old as to have been barred by the statute of limitations. *Wright v. Hart's Adm'r*, 44 Pa. St., 454. See, also, *Smith v. Smith*, 45 Pa. St., 404, and *Tyrrill v. Lamb*, 96 Pa. St., 464. The assignments of error are all sustained. Judgment reversed.

PAYMENT OF GARNISHED DEPOSIT.

SUPREME COURT OF PENNSYLVANIA.

Kuhn v. Warren Savings Bank, Garnishee.

An attachment execution was served on A, a bank, as garnishee, on October 28, 1886, at which time there was a sum of money on deposit with A to the credit of the defendant. On October 29, 1886, a check was presented, given by defendant on October 23, 1886. *Held*, that the holder of the check had no claim or lien on the fund in the hands of A.

Appeal by J. R. Kuhn & Co. from the judgment of a justice entered in favor of the Warren Savings Bank, garnishee, in an action against S. E. Bickel and G. T. Pryor. On the 17th of March, 1884, a judgment was obtained by the plaintiffs against the defendants, as above named, for the sum of \$192.14. and costs, amounting now to \$222.30, and costs; on the 27th of October, 1886, an attachment execution was issued by said justice upon said judgment, and on same day served upon Warren Savings Bank, as garnishee, and on the 28th of October, 1886, said attachment was served on the defendant, G. T. Pryor, but no service was made on said Bickel; on the same day interrogatories were likewise issued, and served upon said garnishee and on said defendant Pryor on the 28th of October, 1886; on the 23d of October, 1886, and up to the date of the service of said attachment on said garnishee, there was on deposit in said bank (the garnishee) to the individual credit of said Pryor the sum of \$214.02, and there was no money on deposit to the credit of said firm of Bickel & Pryor or said Bickel individually; on the 29th of October, 1886, two days after the service of said attachment on said garnishee, and while said sum of \$214.02 was still in said bank, a check dated and given October 23, 1886, *bona fide*, and for good consideration, payable to the order of W. P. McMurtrie for \$200, and signed by said G. T. Pryor, and indorsed by said McMurtrie to John Benner, and by said Benner to Citizens' National Bank of Warren, was presented to said bank, the garnishee, by said Citizens' National Bank on October 29, 1886, for payment, and the same was paid to said Citizens' National Bank by said garnishee.

In the following opinion by CUMMIN, P. J., the court inquired: "Does the check given by the defendant to McMurtrie, *bona fide*, and for a good consideration, October 23, 1886, operate as an equitable assignment *pro tanto* of the defendant's funds in the hands of the garnishee, in view of the facts that the attachment execution, at the suit of the plaintiffs, Kuhn & Co., was served on the garnishee, October 28, 1886, and said check was not presented to the garnishee for payment until October 29, 1886, which was the first notice the (drawee) garnishee had of its existence? The legal question here involved has been the subject of much controversy in the court. Many fine-spun theories have been woven, and hair-splitting distinctions made, and, of course, by such processes it was hardly to be expected that uniformity could be reached. Fortunately it will not be the duty of this court to attempt to bring harmony out of such discord. The respective rights and duties of attaching creditors, garnishees, and check-holders under like circumstances, are reasonably well settled in adjudicated cases. As to the check-holders: In *Saylor v. Bushong*, 100 Pa. St., 27, it is regarded as settled that the

holder of a check cannot maintain an action in his own name against the drawees, though they have sufficient funds of the drawer, if they refuse to accept it. A check may be revoked by the drawer before presentment, etc. As to the garnishee, THOMPSON, J., in *Bank v. Munford*, 3 Grant, Cas., 232, declares: 'It is true a garnishee is bound to make every legal defense that a claimant of the fund might make.' As to the attaching creditor: An attaching creditor stands in the shoes of the debtor. *Patten v. Wilson*, 34 Pa. St., 299. An attachment execution served, wherever it lies, places the attaching creditor in the same relation to the garnishee as that occupied by the debtor before the attachment was laid. An attachment is an equitable assignment of the thing attached, a substitution of the creditor for the debtor, and to the latter's right against the garnishee. An attachment places a judgment creditor in the shoes of the debtor, with all his rights and privileges, just as he stood at the date of the service of the attachment. *Reed v. Penrose*, 2 Grant, Cas., 472, etc.

"The rights of the respective parties must be ascertained as of the time when the attachment execution was served on the garnishee, viz., October 28, 1886. On that day the garnishee had in its hands \$214.02 of the funds of the defendant. On that day the attachment execution for \$222.30 was served on the garnishee at the suit of the plaintiffs. This, by operation of law, worked an equitable assignment, as of that date, to the plaintiffs, of all the defendant's funds in the hands of the garnishee, as the amount was less than the claim of the plaintiffs. As to plaintiffs, the judgment creditor on that day stood in the shoes of the debtor, defendant, with all his rights and privileges, of all of which the garnishee then had notice, and was bound to know. The service of the writ on the garnishee was an appropriation, by operation of law, of the whole fund of the defendant in the hands of the garnishee to the claim of the attaching creditor. On that day the garnishee had no notice of the check previously given, and had in no way obligated himself to pay such check. The plain duty of the garnishee, then, was to hold the fund until the rights of the judgment creditor thereto could be adjudicated. But we are not without authority on the main question. After a collation of all the authorities, this conclusion is arrived at in 2 White & T., Lead. Cas. Eq. pt. 2, p. 1653, (4th Amer. Ed.): 'Agreeably to the weight of authority, a check is, essentially, a bill of exchange, and will not, therefore, operate as an equitable transfer or appropriation.'

"In *Jordan's Appeal*, 10 Wkly. Notes Cas., 37, MR. JUSTICE STERRETT, in delivering the opinion of the court, says: 'It is well settled that a check or draft, without more, is neither a legal nor equitable assignment or appropriation of a corresponding amount of the drawer's funds in the hands of the drawee. It gives the payee no right of action against the drawee, nor any valid claim to the funds of the drawer in his hands. If, before acceptance or payment of the draft, the drawer executes a voluntary assignment for the benefit of creditors, the funds in the hands of the drawee pass by the assignment, as assets of the insolvent's estate, to his assignees in trust for creditors.' See, also, cases cited in this opinion. It seems clear, therefore, that in the case at bar the holder of the check has no sort of lien or claim of any kind on the funds in the hands of the garnishee, and therefore has no rights which need be considered in the further investigation of this case."

STERRETT, J. An examination of the record satisfies us that the judgment entered on the case stated is correct; and, for reasons given, in the opinion of the learned judge of the Common Pleas, it should be affirmed.

USURY.

SUPREME COURT OF ILLINOIS.

Barton v. Farmers' and Merchants' National Bank.

A promissory note providing for the payment of attorney's fees, if placed in the hands of an attorney for collection, is not usurious.

A contract for the payment of attorney's fees, if a promissory note is placed in the hands of an attorney for collection, is not in the nature of a penalty for the non-payment of the note at maturity, and consequently is not within the prohibition of Rev. St. Ill. c. 74, § 6, which provides that "all contracts executed after this act shall take effect, which shall provide for interest or compensation on account of non-payment at maturity, shall be usurious."

A contract made by the maker of a promissory note, for the payment of attorney's fees, if the note be placed in the hands of an attorney for collection, is not void as against public policy.

A contract in a promissory note for the payment of attorney's fees, if the note is placed in the hands of an attorney for collection, is not void for want of consideration to support it.

SHOPE, J.—By the contract it was agreed that, if the note was not paid when due, an attorney's fee of \$30 was to be paid by the maker, if the note was placed in the hands of an attorney for collection. The declaration avers the non-payment at maturity, the placing of the note in the hands of an attorney for collection, and the payment by plaintiff of \$30 as a fee to said attorney for his services therein.

It is apparent that the cases of *Nickerson v. Babcock*, 29 Ill. 497, and *Easter v. Boyd*, 79 Ill. 325, where it was held that an attorney's fee could not be recovered because by the contract it was not due when the suit was brought, can have no application here. In this case, if recoverable at all, it became due by the terms of the contract when, after non-payment at maturity, the note was placed in the hands of an attorney for collection.

It is contended that the promise to pay such attorney's fee is (1) usurious; (2) wholly without consideration; (3) its enforcement would be contrary to sound public policy; and (4) that it is within the prohibition of section 6, c. 74, of the statute.

If enforcing this promise to pay an attorney's fee would directly or indirectly have the effect of giving the payee, or of requiring the payor to pay, a greater compensation for the loan, use, or forbearance of the money, than is allowed by law, then unquestionably the contract would be usurious. The law will not tolerate any shift or device to evade its provisions. The sixth section, c. 74, provides that "all contracts executed after this act shall take effect, which shall provide for interest or compensation on account of non-payment at maturity, shall be usurious." It therefore follows that, if the \$30 stipulated to be paid is interest or compensation on account of the non-payment of the principal sum and interest reserved, then the contract would be usurious, and should be so held. On the other hand, if this portion of the contract gives to the creditor no additional interest or compensation, or provides no penalty for the non-payment of the note, but is intended only as indemnity against actual loss to the creditor, from the failure of the debtor to keep his agreement, we are unable to perceive upon what principle he should be debarred from requiring it as a condition to the extension of the credit, or of enforcing it, to an extent necessary to save himself from actual loss, in the contingency of loss occurring to him by the default of the other party to the contract.

By the statute all penalties, whether as additional interest or as compensation for the use of the money, are prohibited; but where, as here, no additional or compensation is provided for, and the contract is only for such sum as the payee would be obliged to expend in compelling the maker to perform his undertaking, the statute contains no inhibition upon the power of the parties to contract that the same shall be paid by the party whose default occasions the necessity for the expenditure. In this view we are sustained by the authority of very many courts of the highest respectability.

Upon the question as to whether contracts of this nature are void as against public policy, this court, as well as those of other States, is also fully committed. In *Clawson v. Munson*, 55 Ill. 394; *Dunn v. Rodgers*, 43 Ill. 261; *McIntire v. Yates*, 104 Ill. 491; and other cases,—contracts of this character have been upheld and enforced by this court. The right of the parties to thus contract has been expressly recognized; and when the contract has been for such reasonable attorney's fees only as would indemnify and preserve the payee from loss, and were due at the time of suit brought, this court has in every case sustained the plaintiff's right of recovery. See, also, *Imler v. Imler*, 94 Pa. St. 372; *McGill v. Griffin*, 32 Iowa, 445; *Huling v. Drexell*, 7 Watts, 126; *Peyser v. Cole*, 11 Or. 39, 4 Pac. Rep. 520; *Smith v. Silvers*, 32 Ind. 321; *Tuley v. McClung*, 67 Ind. 10.

Nor do we see anything in the section of the statute quoted that would change the rule. Thereby the parties are prohibited from contracting for interest or compensation to be paid to the payee on account of non-payment of the principal debt at maturity. In *Armour v. Moore*, 5 Bradw. 432, the note provided that, if it was not paid when due, it should thereafter draw interest at the rate of 2 per cent. per month, as liquidated damages; and it was very properly held that if the provision for the payment of 2 per cent. per month, if not paid at maturity, was divisible from the note proper, so that the note might be held to be untainted with usury, and the provision for the 2 per cent. regarded as a means of insuring prompt payment of the note at maturity, the agreement to pay the 2 per cent. per month would, nevertheless, under the statute, be usurious and unlawful. It is apparent, there the agreement fell directly within the statute. The agreement here provides for no new or additional compensation or interest for the use of the money, because of the failure to pay at maturity. It is not in the nature of a contract for additional interest, but a provision merely against loss or damage to the payee, specifically pointed out, and which will necessarily result if the debtor fails to fulfill his undertaking; and there is no reason why he may not contract to bear the loss occasioned by his own default. It is apparent that the payee must not derive any benefit from the amount agreed to be paid; and the amount contracted for must be only such reasonable sum as will save him from loss in consequence of the default of the maker. It is not pretended here that the amount agreed to be paid was unreasonable, or that the payee derived any benefit whatever therefrom. On the contrary, it is shown to be reasonable, and the whole amount was paid to the attorney for his services in the proceedings to collect the note.

The right of the payee to require the indemnity against loss, and the right of the maker of the note to contract to secure the payee against the same, necessarily disposes of the objection that the promise was without consideration. If, while the creditor may not contract for more than the legal interest for the use of his money, or for additional compensation or interest for the non-payment of the note at maturity, he is

not debarred from requiring, as a condition to making the loan, or extending the credit, that he should be secured against expense occasioned by the default of the debtor, it follows, that the making of the loan or extension of the credit would be a good consideration for the promise of indemnity by the debtor.

We see no error in the judgment of the appellate court, and it will be affirmed.

PRODUCTION AND VALUE OF THE PRECIOUS METALS.

Resources of the United States.—No one can doubt that the mining regions of the Rocky Mountains and of the Pacific slope are far from being exhausted; but even a vague idea of the prospective yield of the precious metals in the United States can hardly be obtained without considering the nature of the distribution of the ores. It has long been known that a great part of the deposits of the Pacific slope are grouped in belts or zones, nearly parallel to the mountain ranges of the region.* The precious-metal belts of the slope are reducible to three, viz., the gold belt of California, the silver belt of Arizona, which is prolonged northward into Nevada, and the lead-silver belt of Utah, lying at the western base of the Wahsatch range. It has been shown within a few years that these belts coincide with zones in which profound disturbances have taken place in past time. It is along these lines that the great upheavals in the geological history of the region have occurred, transforming oceans into continental areas and burying vast tracts of land beneath the sea. The coincidence of these lines of disturbance with the ore belts clearly indicates a direct connection between the dislocations and the genesis of ore, and points to the conclusion that along the extensive unexplored or partially explored portions of the zones of disturbance ore deposits are probably to be found.

Not all the deposits of the Pacific slope occur on these belts, but, so far as is known, all of them are accompanied by evidences of violent dynamical action. This is also true of the less sharply-defined metal-bearing region of the Rocky Mountains, which also stretches in a northerly and southerly direction.

As may readily be inferred from these statements, there are a vast number of localities in the western United States in which the geological conditions appropriate to the occurrence of ore seem to prevail, but in which ore has not as yet been discovered. It is true that a great number of prospectors have traversed the country in all directions; but it by no means follows that, because much prospecting has been done, all the important deposits have been detected. Not only prospecting, but mining was carried on close to the Comstock lode and close to Leadville for a considerable time before the existence of those great deposits were suspected, and prospectors had been at work for months close to the deposit of the Horn silver mine before an accident revealed its unsuspected existence. Many other deposits have almost escaped detection, and a much more intelligent and thorough

* This was first pointed out by Prof. W. P. Blake in 1866. Mr. Clarence King further developed the idea in 1870. See *Amer. Jour. of Science*, vol. 28, 1884, page 209.

exploration of the country than any which has hitherto been made must precede the development of its full resources.

The course of discovery will no doubt be checkered. That there will be periods at which the known ore bodies will be few is pretty certain, and that deposits of startling richness will be encountered is almost equally certain. The Comstock lode was considered nearly worthless property just before the discovery in the Consolidated Virginia and adjoining mines of the great ore body, which alone has yielded some \$120,000,000 worth of silver and gold. The incident was typical, and the same sort of thing has happened at short intervals throughout the history of deep precious-metal mining.

Probabilities as to relative production of gold and silver.—Since the discovery of gold in California the weight of the silver extracted in this country has been about seven times that of the gold. It is practically certain, however, that in future the relation will be a very different one. From the discovery of gold in California up to the close of 1860 the silver product was very small, while the gold product averaged \$50,000,000 a year. This gold came chiefly from the auriferous gravels of California, which had been accumulating for many hundred thousand years. Corresponding accumulations of argentiferous gravels are not found in nature, although the croppings of silver veins, like those of gold, are converted into detritus. Silver ores are for the most part brittle and easily reduced to powder; they are only moderately heavy, and are without much difficulty converted into a soluble double chloride. Consequently, when the croppings of silver veins are worn away by the weather or by running water, they rarely yield argentiferous gravels of any value. Gold, on the other hand, is tough, heavy, and chemically indifferent. Hence the gold derived from the erosion of veins accumulates in gravel deposits, while most of the silver is carried away. In a new mining country, therefore, there is a surface accumulation of easily accessible gold, but no such store of silver, and the early precious-metal product of such a country will include a proportion of gold far in excess of that in its subsequent yield.

The richest auriferous gravels in the United States have been exhausted. Vast quantities of poorer gravels remain in California and Idaho, which could be profitably mined by the hydraulic process, but the prosecution of this industry in California has for the most part been forbidden by law. By no means all the gold of the country, however, comes from gravels. Even during the census year, when the hydraulic mines were in full operation, nearly twice as much gold was produced from deep mines as from placers. A very large part of the gold extracted also comes from mines commonly regarded as silver mines. Even the Comstock lode, the enormous silver product of which gave great uneasiness, has yielded a very large quantity of gold, estimated to amount to no less than \$130,000,000, or over 40 per cent. of the value of the total yield of the lode up to June 30, 1880. In the Austin district the silver carries no appreciable amount of gold, but the gold in the ores of Eureka is worth at mint rate about half as much as the silver. At Leadville the gold produced is insignificant, and even this is not derived mainly from the great lead deposits, but from auriferous ores obtained in the surrounding country.*

In 1883 the United States produced by weight 24.6 times as much silver as gold. In 1884 the same ratio rose to 25.3, and in 1885 it reached 26.† The production of each of these metals has been increased

* S. F. Emmons, *Geology of Leadville*, page 545.†

† These ratios are computed from the products as given by Dr. J. P. Kimball in his Report upon the Production of Precious Metals for 1886, p. 133.

during these years, as well as the ratio of the weight of silver to that of gold. It is of course improbable that this ratio will rise indefinitely, or even regularly. Some idea of its ultimate mean value may perhaps be obtained from that of the entire product of North and South America since their discovery. I have calculated this ratio for the two continents from 1493 to 1875, from data given by Dr. Soetbeer, and find it 29.1. It appeared best not to include the last ten years, because of the depressing influence which the discount on silver exerts upon the mining of that metal. There seems no good reason to suppose that the average proportions of gold and silver in the unmined deposits of the western United States are likely to differ greatly from those in the average deposits hitherto worked in this hemisphere. If any variation is found, the future ratio will probably exceed 29.1 if the price of silver sinks no further, because this number is derived from data which include very large quantities of placer gold, certainly over 3,000,000 kilograms, while in the future product of the United States placer gold will be a less and less important item. The ratio of the weights of the two metals for the whole world from 1493 to 1850, or up to the time when the gold of California and Australia began to affect the proportion sensibly, was 31.5. The placer deposits of Europe were of course worked for many centuries before the discovery of America, and the high ratio for this period is no doubt due to that cause.

The effect of the price of silver on the production.—The average cost to the producers of extracting gold and silver is probably from 90 to 95 per cent. of the spot value; for while many establishments work at a great profit, others are doing dead work, or are working at a loss, from lack of skill or judgment. There can be no doubt whatever that very many mines in the West are working on a narrow margin, and that any considerable further discount on silver, under the present economical conditions, would result in closing them. It is well known that because of the depreciation of silver, not a few mines are already shut down, which at the old value, \$1.2929 per ounce, would yield a good profit. It is, therefore, very absurd to suppose that this country can yield an indefinitely large product at the present price of silver, or at a lower one.

On the other hand, the statistics show a slow but steady rise in the production of silver, in spite of the progressive decline of price. This is in part due to new discoveries, but, in my opinion, much more to the increased facilities for transportation, and the consequent cheapening of supplies in the mining districts. Railroads are now penetrating the far West in every direction and the emigration to the Pacific coast is so large that the price of labor must inevitably sink far below the old standard of \$4 a day. When means of transportation and labor become abundant, very many deposits which have long been known, but which were difficult of access and could not be worked at a profit under the conditions which formerly prevailed, will be worked either at the present or at a somewhat lower price for silver. Improvements in processes of extraction will, of course, be made, but so large a proportion of the cost of extracting silver now consists in the expense of mining and of handling the ore, bullion, and waste products, that no probable improvement in metallurgical processes will greatly diminish the cost of products.

On the whole, I am unable to see grounds for supposing that there is any impending dearth of silver-bearing deposits. At present prices the yield seems to me likely to increase much as it has done during the past years, or possibly somewhat more slowly. Lower prices will unquestionably check the increase, and if the price sinks sufficiently it will inevitably result in a diminution of the product; but it hardly seems

possible that any one should be able to say how great a diminution in price would preclude an increase in the production.

Future of production in foreign countries.—The silver question is of course not dependent upon the United States alone. Mexico and South America together have produced in past times vastly more silver than this country, and their present output still notably exceeds our own. Like our own, too, it appears to be on the increase, in spite of the discount on silver; and the development of means of transportation is increasing to the south of us as well as within our borders. Indeed, the entire silver product of the world shows a marked upward tendency, while the gold product has been until lately diminishing, though a considerable increase has taken place since 1882. It is by no means certain that the gold product of the world will again fall off. The hydraulic gravels of South America have only lately been taken in hand, and nothing is more probable than that they will immensely increase the world's gold product. There can be no doubt also that the gold product of South Africa will increase.

Judging of the precious metal resources of the world from the recorded yield of the mines for about four hundred years, it seems probable that, as the more easily worked placers become less fruitful, the ratio of the silver product to the gold product, by weight, will tend to some value not far from thirty. There is, in my opinion, good reason to believe that this product ratio was very much lower in Europe during ancient times and the middle ages, as well as in Asia in modern times. Gold occurs to a large extent in the native state, and no knowledge of metallurgy is necessary to its extraction. Silver, on the other hand, occurs only to a small extent in the native state, and a vast proportion of this metal is found in mineral combinations which were practically intractable by the methods known to the ancients. Two great American inventions changed the whole character of the industry, and far more than doubled the available silver resources of the world. One of these was the amalgamation process, invented by Medina, a Mexican, in 1557. This was complemented, in 1633, by the invention of the first efficient furnace for the reduction of quicksilver. The inventor was L. S. Barba, a Peruvian, and his apparatus is known as the aludel furnace. It is worth while to note that both in ancient Rome and in modern Asia silver was worth much more in gold than it has been in Europe since the process of amalgamating silver ores was discovered.

Relations of the demand for coin to the product.—The general question of the relations between the supply of precious metals and the prices of commodities is evidently one of the most complex in political economy, for the opinions of financial experts differ radically respecting almost every feature of the problem. I should not think of offering any opinion upon it as a whole. The question whether or not there is a scarcity of gold is more limited and simpler. While eminent authorities have maintained that there is a dearth of this metal, Mr. J. L. Laughlin* shows that the gold reserves in the principal banks of Europe and America were not only much larger in 1885 than from 1870-'74, but also that they bore a much larger proportion to the total note circulation. He also points out that extraordinarily high rates of discount, supposed to indicate dearth of gold, prevailed much more frequently from 1855 to 1873 than since 1873. Dr. Soetbeer* has given the results of an investigation on the distribution of the gold product in a tabular form, of which the following is an abstract:

* Quarterly Journal of Economics, vol. 1, p. 345.

* Materialien, 2d ed., p. 47.

ESTIMATED CHANGES IN THE MONETARY STOCK OF GOLD IN CIVILIZED COUNTRIES, 1851-'85.

<i>Periods.</i>	<i>Gold products.</i>	<i>Non-monetary consumption.</i>	<i>Addition to gold coinage and reserve.</i>	<i>Estimated stock of gold coin and gold reserves at end of period.</i>
	<i>Kilograms.</i>	<i>Kilograms.</i>	<i>Kilograms.</i>	<i>Kilograms.</i>
1850				1,200,000
1851-'60.....	2,006,000	385,000	1,621,000	2,821,000
1861-'70.....	1,900,000	877,000	1,023,000	3,844,000
1871-'80.....	1,732,000	958,000	774,000	4,618,000
1881-'85.....	746,000	574,000	172,000	4,790,000

If one compares the third column with the first, it is easy to compute the proportion of the gold product which has been added to the available stock of gold coin in each period. It then appears that for these periods, beginning with 1851-'60, the proportions of the gold product added to the available stock of coin have been, in round numbers, 81 per cent., 54 per cent., 45 per cent., and 23 per cent. Now, if there has really been a scarcity of gold of late, why was only 23 per cent. of the gold product added to the available coin of the world during the period 1881-'85? The contrast offered by these figures can also be brought out in another way. In the period 1881-'85 the gold product was 37 per cent. of the product in the ten years 1851-'60; but the gold coin added to the available stock in the five years 1881-'85 was only 11 per cent. of that similarly added in 1851-'60. Thus the additions to the available coin have diminished more than three times as rapidly as has the product. It might possibly be objected that Dr. Soetbeer's figures are not accurate, and indeed he claims only approximate accuracy for them; but the work done by this statistician is far too good to warrant the assumption that any corrections would reverse these striking results. They, with those obtained by Mr. Laughlin, seem to me to show incontrovertibly that the supply of gold is in excess of the demand for coin. It would be in vain to attempt to maintain that the non-monetary uses of gold have become so urgent as to absorb an increasing proportion of the gold product in spite of an active demand for the metal in the shape of coin, for were this true, it is evident that in no long period such uses would absorb the entire quantity of gold in existence.

Dr. Soetbeer feels himself unable to offer a similar table for silver; but, since the silver product has of late years rapidly increased, and in 1885 was about double the average product from 1866 to 1875, it seems very certain that it too is produced in excess of the demand for coinage. This is also inferable from the tables of coinage; for while much silver coin is withdrawn from the available stock by exportation into central Asia, and much is also melted down for industrial purposes, it is clear that no silver not coined can possibly be added to the available stock of coin. Dr. Kimball† gives data for the world's product and the world's coinage of silver, which it is worth while to place in conjunction.

† Production of the Precious Metals, 1886, pp. 133 and 319.

[SILVER AT \$1.2929.]

	1883.	1884.	1885.
World's product.....	\$114,128,907	\$115,899,567	\$124,422,342
World's coinage.....	109,306,705	90,039,443	97,341,019
Excess of products.....	4,822,202	25,860,124	27,081,323

It thus seems to be clear that during the past years the product of both the precious metals has been far in excess of the increase in the volume of gold and silver currency demanded by commerce. This certainly does not seem an unnatural result if one compares the average products of these metals for different periods. For this purpose I select the periods 1851-1885 and 1801-1850, adding also 1493-1850. The data for the computation are taken from Soetbeer, excepting those for the years 1883-1885, which have been last revised by Kimball.

TOTAL PRODUCTS AND MEAN ANNUAL PRODUCTS.

	1851-1885.	1801-1850.	1493-1850.
	<i>Kilograms.</i>	<i>Kilograms.</i>	<i>Kilograms.</i>
Total product, gold.....	6,402,243	1,184,870	4,752,070
Annual product, gold.....	182,921	23,697	13,274
Total product, silver.....	57,145,444	32,723,450	149,826,700
Annual product, silver.....	1,632,727	654,469	418,510

Prior to 1851 precious metals enough for the purposes of trade were coined, and a large volume was also lost to Europe and America in central Asia, or was industrially consumed. Since that period there has been an immense increase in the amount of business done, but the annual gold product is seven and one-half times what it was during the first half of the century, and the annual silver product is two and one-half times as great as it then was. The volume of commercial transactions has, of course, increased enormously in forty years, but balances only are settled by coin, and I can see no reason to believe that the requisite yearly addition to the coin supply has increased in a proportion so great as the precious metal product.

Relative prices and relative product.—It seems probable from the above that the available quantity of the precious metals up to some epoch subsequent to 1850 was no more than sufficient to satisfy the urgent demand upon it, while in later years one or both of the precious metals have been produced in greater quantities than were necessary to satisfy the pre-existing demand. The question therefore suggests itself whether the price of silver in terms of gold may not have been determined by distinct causes in the two periods.

Gold and silver are so similar in their physical properties that they are used for almost exactly the same purposes, and in nearly all cases one could be substituted for the other without any detriment to the end in view. If zinc and tin were as similar as gold and silver, it is at least

natural to suppose that the rarer of the two would command a higher price than that which was more common, and that the prices of the two would tend to be inversely proportioned to the quantities produced, so that if the zinc product were eight times as heavy as that of tin, a pound of tin would be worth eight times as much as a pound of zinc. As a matter of fact much less tin than zinc is produced, and the price of tin greatly exceeds that of zinc, but as these two metals can be substituted for one another only in certain cases, the relative price differs considerably from the relative product.

MEAN ANNUAL PRODUCT, RELATIVE PRODUCT, AND RELATIVE VALUE
OF GOLD AND SILVER, 1493-1885.

Period.	Mean annual product.		Ratio of silver pro- duct to gold product.	Ratio of value per kilogram gold to silver.
	Gold.	Silver.		
	Kilograms.	Kilograms.		
1493-1520.....	5,800	47,000	8.1	*10.75
1521-1544.....	7,160	90,200	12.6	†11.25
1545-1560.....	8,510	311,600	36.6	‡11.30
1561-1580.....	6,840	299,500	43.8	§11.50
1581-1600.....	7,380	418,900	56.8	11.80
1601-1620.....	8,520	422,900	49.6	12.25
1621-1640.....	8,300	393,600	47.4	14.00
1641-1660.....	8,770	366,300	41.8	14.50
1661-1680.....	9,260	337,000	36.4	15.00
1681-1700.....	10,765	341,900	31.8	§14.97
1701-1720.....	12,820	355,600	27.7	15.21
1721-1740.....	19,080	431,200	22.6	15.08
1741-1760.....	24,610	533,145	21.7	14.75
1761-1780.....	20,705	652,740	31.5	14.73
1781-1800.....	17,790	879,060	49.4	15.09
1801-1810.....	17,778	894,150	50.3	15.61
1811-1820.....	11,445	540,770	47.2	15.51
1821-1830.....	14,216	460,560	32.4	15.80
1831-1840.....	20,289	596,450	29.4	15.75
1841-1850.....	54,759	780,415	14.3	15.83
1851-1855.....	199,388	886,115	4.4	15.41
1856-1860.....	201,750	904,990	4.5	15.29
1861-1865.....	185,057	1,101,150	5.9	15.41
1866-1870.....	195,026	1,339,085	6.9	15.56
1871-1875.....	173,904	1,969,425	11.3	15.98
1876.....	165,956	2,323,779	14.0	17.88
1877.....	179,445	2,388,612	13.3	17.22
1878.....	185,847	2,551,364	13.7	17.94
1879.....	167,307	2,507,507	15.0	18.40
1880.....	163,515	9,479,998	15.2	18.05
1881.....	158,864	2,592,639	16.3	18.16
1882.....	148,475	2,769,065	18.6	18.19
1883.....	144,727	2,746,123	19.0	18.64
1884.....	153,193	2,788,727	18.2	18.57
1885.....	159,289	2,993,805	18.8	19.41

* For the period 1501-1520.

† For the period 1521-1540.

‡ For the period 1541-1560.

§ The curve is plotted for periods of ten years from 1680 on to 1850.

Through the compilations of² Dr. Soetbeer it becomes easy to examine the relative price and relative product of the precious metals, though neither he, nor, so far as I know, any other writer, has compared these two ratios or presented any table of the relative products at different periods.* The preceding table shows the periods for which I have computed the ratio between the silver product and the gold product, and the periods for which the average prices of silver in gold have been calculated. The estimates of production from which the product ratios have been calculated are those given by Dr. Soetbeer,[†] excepting 1883-1885, which are those of the director of the mint.[‡] The relative values of the metals, or the number of pounds of silver which a pound of gold will buy, are recorded by Dr. Soetbeer[§] from 1493 to 1875. The later figures are from Dr. Kimball's report.

It appears, therefore, to be certain that since 1873 the price of silver has been chiefly determined by the relative production, or perhaps more strictly, that the two ratios have exerted a strong mutual influence, while it is equally certain that from 1650 to 1872 the price of silver and the relative production of the two metals were independent. It is most important to ascertain the cause of this difference between the two periods, if possible.

Cause of the difference before and after 1873.—Aside from this relation between the two ratios, the most striking difference between these periods is the average annual production, and the cause of the change in the law governing the price of silver seems probably connected with the change in the annual yield of the mines. The increased yield after 1850, however, did not affect the price immediately, or, indeed, for a considerable number of years, showing that a certain accumulation of the precious metals was necessary to induce a change in the conditions governing the price of silver.

The statement that the value of silver relatively to gold remained substantially constant for over two hundred years at about 1 to 15½ is equivalent to the statement that in such quantities as silver bullion was offered to buyers it found a market at that price, and that silver coin was always exchangeable for gold at the same figures. How did it happen that, although the ratio of production fluctuated enormously, and presumably also the relative quantities of coins of the two metals, neither metal was depreciated? The answer I believe to be very simple. It is evident that people who handle money care very little, under ordinary circumstances, what is the nature of the money in their possession, provided that, when they choose, they can exchange it at par for other forms of currency. After United States notes became redeemable in gold there was no run upon the Treasury, because holders of the notes were sure of being able to get gold for them whenever they wanted it. In the same way token coins are as freely received in trade as gold is, so long as it is known that they will be redeemed on demand. Under certain still to be investigated conditions, therefore, any country could at will vary the proportions of gold and silver in the currency, provided that a sufficient reserve of each metal was always maintained to meet any probable sudden demand for the exchange of one for the other. Under such conditions it is evident that great fluctuations in the

* The time allowed me for the preparation of these notes is insufficient to make a search through economic literature sufficiently thorough to justify an absolute assertion on this point.

† *Materialien*, etc., p. 1. Dr. Kimball's figures for 1883-1885 are given in his report on the Production of the Precious Metals, 1886, p. 112.

‡ These are preferred simply because Kimball has revised them since Soetbeer's figures were published. The oftener such estimates are revised the more accurate they become.

§ *Edel-Metal-Production*, 1879.

product ratio could occur without impairing the ability of commercial nations to redeem, in gold, quantities of silver sufficient for the needs of the community, at the legally established ratio. So long as this remained possible the price of silver could not vary considerably. No one would sell silver below the coining value when he could get that rate for it from the Government, and no one would pay a higher price for silver when he was at liberty to exchange gold coin for silver coin, dollar for dollar.

This stability in the price of silver could be maintained only so long as the quantity of circulating medium demanded by trade, added to the inevitable losses and waste of the metals and to the quantity urgently demanded at the standard price, or above it, for industrial consumption, and for permanent exportation to semi-civilized countries, equaled or exceeded the available supply. It is clear that this state of things is compatible only with a moderate production; for the moment that more of either metal was put on the market than could be absorbed in these ways, it would be more profitable to the producers to submit to a discount than to hold their bullion. If the surplus were not a mere local and temporary matter, the price of silver in terms of gold would rise or sink all over the world. If silver were the metal in excess, it would drive gold out of circulation in those countries where an attempt was made to retain silver as a standard, and could circulate only as a token coinage in those countries which adhered to gold. If gold instead of silver were in excess, the parts played by the two metals would be reversed.

Great fluctuation in the ratio of the gold product to the silver product can thus occur without necessarily affecting the price of silver to a considerable extent, so long as the total product of the precious metals does not exceed the demand of the commercial world for coin, plus the demand for these metals at coining rates for non-monetary application. Under these circumstances the mints completely control the precious metal market, and make the price of silver to suit themselves. But when the quantity of the precious metals produced exceeds the limit just defined, the mints, being unable to increase their output beyond the needs of the commercial world for coin, cannot possibly retain control of the market. The relative value of the two metals will then cease to be fixed by coinage laws, and will be determined by purely commercial considerations. As has already been pointed out, whenever trade relations determine the relative value of the precious metals, there will be a strong tendency for the prices to adjust themselves in the inverse ratio of the products.

It is certain that prior to 1873 the coinage laws fixed the price of silver, and that the national treasuries were able to control the market for silver, for in no other way could considerable fluctuations have been avoided. It is also certain that in 1873 the laws ceased to determine the price, as if there were an excess of silver in the market, and that since that time the price of silver has been chiefly determined by the ratio of the production of silver to that of gold, as it would be if either of the two metals were produced in excess. The analysis of Dr. Soetbeer and the coinage statistics also show that a diminishing proportion of the yield of each metal is added to the available stock of coin. All of these facts point to the conclusion that the supply of silver is now greater than the demand for it at coining rates.

Probabilities as to the future prices of silver.—Silver producers and all those interested in obtaining good prices for silver naturally wish that the value ratio should return to 15½, and desire legislation tending to produce that result. It seems to me conclusively shown above that the

volume of the precious metals is greater than the demand for them at coining rates, and that the market for silver is therefore no longer under the direct control of the coinage laws as it was prior to 1873. This being the case, no mere readjustment of the proportion of gold and silver in circulation will materially affect the price; for no more currency can be forced upon the commercial world than is demanded by the exigencies of trade,* and the quantity of the precious metals in the market beyond this amount is now sufficient to determine their relative price, irrespective of the coinage laws.

Since, then, the mints cannot now put into circulation all the silver not demanded at or above coining rates, they stand in the market on the same footing as other buyers. It is conceivable that the commercial nations should agree to buy silver in any quantities which might be needful to raise the price of silver to coining rate, paying in gold or in Government securities and withdrawing the silver not needful for coinage from commerce. This seems to me the only way open to any buyer to control the market, and it seems to have been the way in which the treasuries of the world did control the market prior to 1873. The peculiarity of the earlier period consisted in the fact that the surplus of the precious metals not needed for coinage and not called for in open market at coining rates was nil, whereas it is now very great. If, in 1885, some \$24,000,000 worth of silver had been withdrawn from commerce, in addition to what was actually withdrawn, the weights of the remaining gold and silver products would have been to one another in the inverse ratio of their coining value per ounce, and, according to the results deduced above, the silver left in the market or in circulation would have tended to the rate of \$1.2929 per ounce. The price, however, could now be raised to this figure so cheaply, for great quantities of silver have been withdrawn from circulation by individuals at the low prevailing rates of late years, and a sudden large rise in price would bring much of this once more into the market, where it would produce the same effect as newly-mined metal. A rise of price would also be a great stimulus to the silver industry, and the output would quickly increase by millions of dollars.

It is manifest that the commercial nations could not be brought to embark in so hazardous an experiment as the attempt to maintain the price of silver at the expense of an increase in expenditure, or in debt which would certainly amount to tens of millions of dollars yearly, and which might reach \$100,000,000. This being impracticable, I believe the price of silver to be wholly beyond their control. Half-way measures would not answer the purpose, for, if the commercial nations were to agree to coin for private account a quantity which, though large, should prove insufficient to raise the price of silver to coining value, and were at the same time to make silver redeemable in gold, the result would simply be a run on every treasury and the exhaustion of the gold reserve. This would amount to the adoption of a silver standard, and gold would then be quoted as at a premium, but the relative values of the two metals would not necessarily be changed; for as long as the mints could not control the market for both gold and silver, the relative values of the two metals would be determined by commercial considerations. Silver coined for public account, while the market price of the silver is below coining rate, is in every respect token money. The United States coin nearly thirty million silver dollars a year for the

* When a nation obtains money from abroad and spends it rapidly at home, a local inflation of the currency, with its attendant disasters, occurs, but the coin rapidly redistributes itself. Under normal conditions there exists no machinery for putting more coin into circulation than is called for.

express purpose of raising the price of silver, and the price of silver, instead of rising, continues to sink.*

As commerce grows, the demand for the precious metal increases, and it is possible that this demand will eventually become so great that the price of silver will again come within the control of legislation; or, in other words, all the silver product not demanded at coining rates or above them for non-monetary consumption, may come to be needed for coin; but there seems to be no immediate prospect of this. Though population is increasing very fast, the ratio of the silver product to the gold product is increasing still faster, and as South America and Africa become commercial countries they will demand gold for their international transactions, as well as silver for home use. Indeed, the more commercial they become the more the character of their currency will approximate to that of other commercial countries. In the meantime their silver deposits will be worked. They cannot be relied upon, therefore, to absorb the surplus silver of the world. I can but conclude that the time when the demand for coin will restore the value of silver to its old level is far distant.

Until that time comes the price of silver will, in my opinion, be chiefly controlled by the ratio of the weight of the silver product to that of the gold product. The product ratio will probably increase at a diminishing rate, because the price of silver will fall, and the production will be correspondingly lessened. The ratio of the value of gold to that of silver, which is already over 20, will, in my opinion, ultimately rise to above 25, and from present indications it is possible that it may touch 25 by the year 1900.—*George F. Becker, U. S. Geologist.*

NATIONAL FINANCIAL HISTORY NEAR THE CLOSE OF PRES. BUCHANAN'S ADMINISTRATION

The *Commercial Advertiser*, of Buffalo, publishes the following interesting historical correspondence between George S. Coe, of New York, and ex-Congressman E. G. Spaulding, of the former city:

AMERICAN EXCHANGE NATIONAL BANK,

128 BROADWAY, NEW YORK, Feb. 14, 1888.

MY DEAR SIR: As all incidents of the civil war are now of historic interest, I have thought it worth our while to recall some particulars relating to the financial portion, which has received but partial attention. In thinking of earlier matters I recall very vividly the fact of your journey from Washington to New York, and our meeting you one morning at the Bank of Commerce to confer about the payment of the Government loan which our bank in New York had taken in connection with Baring Brothers & Co., London, and had paid in part, when it was discovered or suspected that Thomas (then Mr. Buchanan's Secretary of the Treasury) was to transfer the money into the Confederate region, where it would be captured by the enemy. The question for us to consider was

* These dollars pass at par, in spite of the fact that their bullion value is only about 75 cents, because they are practically redeemable, although not nominally so. The Government receives from its debtors any of the kinds of money which it issues, and pays its creditors in any form of currency they may elect to receive. There is, therefore, as yet, no difficulty in returning to the Treasury any silver not wanted, or in obtaining from the Treasury an equal amount of gold. The silver dollars are thus, in fact, token money, as much as are the nickel five-cent pieces. Both have an intrinsic value, though not that stamped on their faces. They pass current because they are redeemable.

whether we should pay or default upon the balance. Upon that question we sent Mr. Moses Taylor, John C. Green, and A. A. Low to Washington to confer with Mr. Buchanan. I feel quite confident that you were the trusted agent to confer with us on the subject, and it resulted in the appointment of Gen. Dix to be Secretary of the Treasury, when we paid the money.

Can you give me full particulars of this incident, date, and what loan it was? If so, it may be well to preserve it as history. I don't know if I shall ever get time to do so, but I desire to write a financial sketch of those interesting days from a New York standpoint. I am the only man here left who can do it. With very kind regards and pleasant memories, I remain, my dear sir, very truly yours,

GEORGE S. COE.

Hon. E. G. SPAULDING, Buffalo, N. Y.

The reply of Mr. Spaulding to the above is as follows:

BUFFALO, Feb. 17, 1888,

MR. GEORGE S. COE:

MY DEAR SIR: Your kind and friendly letter of the 14th inst. has been received. It is a long time since I have had the pleasure of meeting you. It calls to mind an important incident of the great rebellion which has never fully been known to the people. It carries my thoughts back more than twenty-seven years, but I will endeavour to comply with your request in the following brief statement:

Soon after the assembling of Congress in December, 1860, it became more and more apparent that a number of the Southern States would at an early day secede from the Union, and that the Senators and members of the House would resign their seats in Congress and return to these disloyal States. Howell Cobb resigned the office of Secretary of the Treasury, leaving his disloyal deputy, Philip Clayton, of Georgia, in charge of the Treasury Department. President Buchanan then appointed Philip F. Thomas, of Maryland, Secretary of the Treasury, to fill the vacancy, and John J. Cisco, who was loyal to the Union, continued to act as Sub-Treasurer in the city of New York, while the Assistant Secretary at Washington was disloyal, and apparently acted with a view to discredit the bonds and financial credit of the United States.

More money was needed to pay current expenses and the interest on the bonds, and Secretary Thomas advertised for bids on the loan of bonds to be issued, such bids to be opened at the office of the Secretary of the Treasury on a specified day toward the last of December, 1860. The credit of the Government in this emergency was considerably impaired, and it was difficult to get bids for this loan in an amount sufficient to prevent default on the maturing obligations of the Government.

Being a member of the Committee of Ways and Means, I attended the meeting for the opening of these bids at the Secretary's office. The bids came in slowly, and it was not until the last moment a bid came from the Bank of Commerce in New York, made by loyal banks in that city, of an amount sufficient to meet the present needs, payable by installments. After this loan was made, it became apparent that more money was being transferred to the Southern States than was necessary, and that the United States Army was to a large extent stationed in the Southern States. One or more of the installments was paid on the bids on the last of December,

1860. The financial situation became more and more alarming at the attitude of the disloyal men in Mr. Buchanan's cabinet, and Mr. Buchanan was himself in some degree vacillating and undecided, but was generally believed to be loyal to the Union.

Three of his cabinet, viz., Jeremiah Black, Edwin M. Stanton, and Joseph Holt, were known to Mr. Seward and others to be loyal to the Union, and were ready to co-operate in preserving the finances and other important measures until Mr. Lincoln could be inaugurated on the 4th of the following March.

Under these circumstances, on Jan. 1, 1861, upon consultation at Mr. Seward's private office, it was decided that I should leave Washington that evening for New York, to consult with the bankers who had bid for the loan, with a view to have them hold back the payments of further installments until the new Secretary of the Treasury could be selected and appointed by Mr. Buchanan, and General Dix was mentioned as a good man for the place in this emergency. I left for New York the same evening, Jan. 1, 1861, and on arriving at New York took an early breakfast at a hotel and proceeded at once to the residence of John A. Stevens, president of the Bank of Commerce, on Twenty-second street. He had just finished his breakfast. I had a personal acquaintance with a large number of prominent bankers, but no personal acquaintance with Mr. Stevens.

It took me some time to make his acquaintance and impress him with the importance of my mission. He finally rang a bell and directed his coachman to bring around his horses and carriage as soon as possible. We immediately rode down to the Bank of Commerce and sent for John J. Cisco, sub-treasurer, and other bankers, and on being fully informed of the situation at Washington—financially and otherwise—a fuller meeting was called, to be held in the directors' room of the Bank of Commerce, at 2 P.M. The adjourned meeting was well attended by prominent bankers and business men. Among those I recollect being present were John J. Cisco, George S. Coe, A. E. Silliman, J. D. Vermilye, David Lord, A. A. Low, J. C. Green, Moses Taylor, and others. The meeting consulted together, and seemed to fully appreciate the gravity and importance of decisive and early action.

They appointed a committee consisting of A. A. Low, John C. Green, and Moses Taylor to go to Washington with me the same evening to co-operate with our friends in procuring the removal of Mr. Thomas from the Treasury Department, and the appointment of John A. Dix as Secretary in his place. The same evening (Jan. 2, 1861), I went with the committee to Washington and procured rooms for them at the National Hotel, where I was boarding. I immediately arranged for a meeting of the committee, with Mr. Seward, Mr. Black, Mr. Stanton, and Judge Holt, loyal members of Mr. Buchanan's cabinet. This meeting was only partially successful, but negotiations continued from day to day, and more influence was brought to bear on President Buchanan. He finally, in a very few days, removed Mr. Thomas, and appointed John A. Dix Secretary of the Treasury in his place. Gen. Dix came to Washington and took possession of the Treasury Department.

The remaining installments due on the loan were duly paid, and the Treasury Department was thereafter well managed, and Gen. Dix made his home in the White House with Mr. Buchanan until Mr. Lincoln was inaugurated President, March 4, 1861.

You took an active and important part in subsequent loans during the rebellion, including the Bank bill, the Legal Tender act, and all other financial measures which carried us through the fiery ordeal to the consolidation of the National Union of all States, North and South, with "one country and one destiny." With kind regards. I remain, very truly, your old friend,

E. G. SPAULDING.

TAXATION OF PERSONAL PROPERTY.

ORIGIN OF OUR SYSTEM OF TAXATION.

This system of taxation originated at an early period, and has, at one time or another, doubtless been in vogue in nearly every civilized nation. It has, however, been abandoned in all countries except the United States, as antiquated; in several of our commonwealths, a tendency to change our system of taxation is already manifest; and everywhere dissatisfaction with it is so marked that there is constant inquiry for better financial methods, and special commissions are frequently appointed to investigate the subject of taxation. The reason for this condition of things becomes evident upon reflection. When our present rule of one uniform tax on all property was introduced, the wealth of the country consisted almost exclusively of real property, and of such personal property as would come under the head of visible, tangible, chattels—property which could not readily be concealed.

Cattle, horses and farming implements of one kind and another comprised a large portion of the personal property. It was very easy to assess to each man all his property, and to tax all in proportion to ability to pay taxes. This was then easier for landed property than now, as, owing to its comparatively small value and uniformity, it answered practical purposes fairly well to divide it into a few classes and to tax each at one uniform rate.

This method of taxation obtained in Ohio from the year 1800 to 1825, inclusive. Land was divided into three classes, according to "quality," and there were three rates of taxation per 100 acres; one for land of the first quality, another for land of the second quality, and still another for land of the third quality. These rates in 1800 were \$0.85, \$0.60, and \$0.25 per 100 acres, according to quality. The rates in 1825 were \$1.50, \$1.12½, and \$0.75, respectively. During this period the highest rates are found in the year 1816, when they were \$3.75, \$3.00, and \$2.00, respectively.

The history of Connecticut illustrates an analogous but somewhat different method. It was the practice in that commonwealth, from the earliest colonial times until the adoption of the State Constitution in 1819, to follow the plan still in vogue everywhere in Europe, and also in the city of Quebec, Canada, of basing taxation, not on the selling value of property, but upon its probable net revenue. We tax property now in our American Commonwealths on the selling value of property; but the European system and the old Connecticut system was to estimate income itself, directly. It was also the practice in Connecticut to estimate the annual income of those pursuing any trade or occupation, and to tax them accordingly. The plan is described in the following words of the Report of the Special Tax Commission of Connecticut, made in January, 1887:*

* Pages 9 and 10.

"Those pursuing any trade or profession were assessed on an estimate of their annual gains. Real estate was rated, not according to its value, but in proportion to the annual income, which, on the average, it was deemed likely to produce. Lands as distinguished from buildings were put in the list at a fixed rate for each kind, prescribed by statute. The best meadow-land went in at \$2.50 an acre; plow-land at \$1.67; pasture at \$1.34; wood-lots at 34 cents, etc.; not because those sums are deemed to be the value of the lands, but because they were thought to represent the average income they would produce. Houses and other buildings were likewise listed at fixed sums, determined by their size, materials, number of fireplaces, etc., but all described by the statute itself, and beyond the control of the assessors. Under such a system there was little opportunity for evading taxation. The acreage of each farm, the general character of each lot, and the dimensions, use, etc., of each building, were readily ascertained, and the law then fixed the rate of assessment."

A somewhat similar system obtained in New Hampshire in early days. Specific taxes were imposed on polls, slaves, horses and neat cattle, and on land; orchards were taxed one shilling an acre, "accounting an acre so much as would produce ten barrels of cider." Arable land was taxed eight pence an acre, and an acre was regarded as a sufficient quantity to produce twenty-five bushels of grain; pasture land was taxed three pence an acre, and the quantity sufficient to summer a cow was to be considered four acres.*

One member of our commission, Mr. James Alfred Pearce, tells me that in Kent County, land is still divided into three classes, and that a fixed valuation is placed on each acre within a given class. I am unable to say whether this obtains elsewhere in Maryland or not. It appears, however, to be customary in Kent County, and also in other parts of the State, to return horses and cattle at a certain definite valuation for each, regardless of actual selling value.

The illustrations given are sufficient to show early methods of assessment. These obtained at one time or another nearly everywhere in Western Europe and in America, but it is needless to multiply examples in this place. The reason why these methods were abandoned are sufficiently evident. They were adapted only to a primitive condition of society. When the classes of wealth became more numerous, and when the differences in value between articles of the same class became more important, when one acre of land was often worth ten or twenty times, or even fifty times as much as another situated in same commonwealth, there could not fail to arise a demand for a system of taxation which would adjust the burdens of the Government more accurately, and make them bear upon each individual more nearly in proportion to his ability. It seems that our present system of taxation arose with this in view, and in our older American commonwealths, very generally, early in the present century; while the newer States simply copied the institutions of the older.

DISSATISFACTION EARLY MANIFEST.

The existing method of assessing and taxing property was better adapted to the first half of the nineteenth century than to the second half, for property could then generally be found. Early in this century it should be remembered there were comparatively few banks;† there

* Report of Hon. George T. Sawyer, Chairman of Tax Commissioners, to the Legislature, June, 1876.

† When Hamilton wrote his report on the proposed U. S. Bank, in 1790, there were but three in the United States.

was not a single railroad company, and of course none of that mass of easily concealed property based on railways, such as stocks and bonds; there was not a telegraph or telephone company, nor were there any traces of that property which consists of their evidences of indebtedness; there was not one gas company; and the manufacturing corporations of our day had scarcely begun to exist. Is not this sufficient to show the difference between the requirements of a rational system of taxation in the one period and in the other?

Nevertheless, it appears, as so often happens, that while the end sought was commendable, and this end was the realization of democratic principles in taxation, the means used for the accomplishment of that end were inadequate. Dissatisfaction was soon manifest on account of inequalities in the adjustment of the burdens of taxation, and attempts were made to remedy this.

This dissatisfaction has increased without interruption up to the present time, and every year renders our existing methods of assessing property and of taxing it more intolerable. The endeavors to improve upon actual methods have been frequent and are daily increasing in frequency, but they usually prove fruitless or render a bad matter worse, because those who make them have failed to go to the root of the evil, which is the system itself. The truth is, the existing system is so radically bad, that the more you improve it the worse it becomes. This lies in the nature of things, and nothing any Legislature can do can alter this condition of things. Experience and reason alike teach this, and in my opinion place it beyond controversy for all those who have eyes to see what is passing about them every day of their lives.

There was comparatively little personal property in existence one hundred years ago. Only in the present century has that species of property, at first gradually, then very rapidly, assumed the enormous proportions to which we are now accustomed. This growth has accompanied the development of cities, which are the home of invisible personal property. Where the population is chiefly rural, there can be comparatively little personal property, and a large part of what does exist is visible and easily found.

When our first census was taken in 1790, about one in thirty of our population was a resident of a city, but since then the urban population has steadily gained on the rural population, until now one-fourth of the population is urban. The following table, taken from the last census report on population, shows the movement of population towards the cities from 1790 to 1880:

<i>Date.</i>	<i>Inhabitants of the cities in each 100 of the total population.</i>
1790.....	3.3
1800.....	3.9
1810.....	4.9
1820.....	4.9
1830.....	6.7
1840.....	8.5
1850.....	12.5
1860.....	16.1
1870.....	20.9
1880.....	22.5

There is every reason to expect a continued concentration of population in cities, and a rational scheme of taxation will keep this movement in view.

Until 1826, in Ohio, it was found necessary to tax only real estate for

State purposes. "Funds for county purposes were derived from a poll-tax, and a tax upon horses, mules and cattle, to which was added by legislative appropriation, a percentage from one-fifth to one-half, varying with the several years, from the taxes levied upon real estate."*

The tax laws passed in 1825 and 1831 show how much more diversified property was becoming. These acts enumerate for taxation, lands and town lots, including buildings, horses, cattle, pleasure carriages over one hundred dollars in value, merchants' and brokers' capital, money at interest, all grist and saw mills, all manufactures of iron, glass, paper, clocks and nails, all distilleries, breweries, tanneries, all iron, brass and copper foundries.

The laws of West Virginia show a similar development. All property is now taxed, but previous to the going into effect of the Constitution of 1852, there was no tax on invisible property in Virginia, except a small one on dividends and interest.†

Personal property has increased relatively more rapidly than real property, until now it is regarded as its equal in value in most of our American commonwealths. This would seem, however, to be a low estimate, if we may regard the estimate of an English writer on finance, in regard to England, as at all trustworthy; for as early as 1869 he estimated the value of personal property in England at *double* that of real property.

THE NATURE OF THE DIFFICULTY.

The reason why our present system of taxation does not operate satisfactorily can be stated in a word: although it is on the face of it fair and simple, it is found in practice to be an impracticable theory, for a large portion of property escapes taxation, and that the property of those best able to bear the burdens of government, namely, the wealthy residents of cities. On the one hand, it is impossible to find this property, and to force men to make returns under oath, results invariably in perjury and demoralization, without discovery of property; on the other hand, federal laws over which our States and municipalities have no control, enable many to escape taxation by investments, often temporary, in federal bonds, exempt from taxation.

Personal property is sometimes discovered in its entirety, but it is then nearly always the property of the comparatively helpless, namely, widows and orphans, whose possessions are a matter of public record. Less often a burden is imposed upon the conscientious. Thus, I happen to know of one wealthy town of a few thousand inhabitants, where three men of conscientious convictions with regard to a man's duty to the commonwealth, pay taxes on their personality, although they have as good an opportunity to escape as others. This state of things naturally produces dissatisfaction on the part of farmers and other hard working people, who feel that personality ought to bear a share of the burden of taxation. On this account they suggest various things, like taxation of mortgages and a more vigorous search for hidden property. Their aim, as I have said, is commendable, but to attempt to reach the desired goal by direct means, under existing laws, or any laws which do not imply a change of the system of taxation, is as Utopian as the dream of the most radical socialist. If we desire to accomplish a purpose we must use means adequate to the end in view.

As there is a general misapprehension of the facts of the case, and as

* Auditor of State's Report, 1885, page 49.

† See West Virginia Tax Commission Minority Report, by Joseph Bell, 1884, page 21.

it is desirable to abandon at once all fruitless efforts to realize a Utopia, it is well to interrogate past experience and reason.

THE TESTIMONY OF EXPERIENCE.

I have first to remark that the one uniform tax on all property as an exclusive source of revenue, or the chief source—the main feature in direct taxation—never has worked well in any modern community or State in the entire civilized world, though it has been tried thousands of times, and although all the mental resources of able men have been employed to make it work well. I have read diligently the literature of finance to find an example, but in vain, and lest this should not be sufficiently trustworthy, I have made it my business, in my capacity as tax commissioner, to visit typical States and cities and to make inquiries in person, of citizens as well as of officials entrusted with the administration of the laws. I have visited Charleston, South Carolina; Savannah, Atlanta and Augusta, Georgia; Columbus, Ohio; Madison, Wisconsin; Toronto, Montreal and Quebec, Canada; and the result has been abundantly to confirm all that I have said about the impracticability of the one uniform tax on real and personal property.

EXPERIENCE OF OHIO.

Probably the most vigorous effort to apply present methods may be found in Ohio, and to the experience of Ohio I will accordingly devote some considerable space.

It may be proper to state first that on my arrival in Columbus I was taken to the office of the Governor, Hon. Joseph B. Foraker, by my friend, Rev. Washington Gladden; that I was courteously received by the Governor and by him introduced to other gentlemen whom it seemed desirable that I should meet, and every facility given me for the prosecution of my inquiries. Special mention should be made of the courtesy of Hon. Emil Kiesewetter, Auditor of State, who explained at length every point in the system of taxation which is under his control.

The Ohio system is the Maryland idea perfected, though perfected seems the wrong word to use, for, as already remarked, it is characteristic of this system that the more you perfect it the worse you make it. However, it is a vigorous attempt to carry the Maryland idea into practice.

CONSTITUTIONAL PROVISIONS.

It may be remarked in general of the Ohio Constitution, that it imposes excessive limitations upon the legislative power. It prescribes too many things, for it was drawn up at a time when, becoming alarmed at abuses of power, people were more inclined to abolish or restrict power than to learn how to use it properly; as sensible a proceeding as that of the mother who wished her boy to learn to swim, without incurring the danger of drowning in the water. The result is, that having shorn themselves of control over finance, the sinews of war, the people have often engaged in an unequal contest with vast corporations not subject to their limitations. This remark applies to the State of Maryland, where we find the State not able to borrow money for the maintenance of the Chesapeake and Ohio Canal, while no restrictions are imposed upon the borrowing powers of railway corporations, which may be rival establishments. Unless the people dare to trust themselves in financial matters, they must always expect to be worsted in contests of this kind. Liberty is illusory for those who fear to trust themselves.

The most general provision of the Constitution of Ohio, on the subject of taxation, is found in sections 2 and 3, Article XII, which read as follows:

Sec. 2. "Laws shall be passed taxing (1) by a uniform rule, all moneys, credits, (2) investments in bonds, stocks, (3) joint stock companies or otherwise; and also all (4) real and personal property, (5) according to its true value in money, (6) but burying grounds, public school houses, houses used exclusively for public worship, institutions of purely public charity, public property used exclusively for any public purpose, (7) personal property to an amount not exceeding in value \$200 for each individual, may by general laws be exempted from taxation; but all such laws shall be subject to alteration or repeal, and the value of all property so exempted, shall, from time to time, be ascertained and published as may be directed by law.

Sec. 3. The General Assembly shall provide by law for taxing the notes and bills discounted or purchased, moneys loaned, and all other property, (1) effects or dues, of every description (without distinction), (2) of all banks, now existing, or hereafter enacted, and of all bankers, (3) so that all property employed in banking shall always bear a burden of taxation equal to that imposed on the property of individuals."

It is also provided that the State may create a debt to supply casual deficits or failure of revenue, to the amount of \$750,000, but for no larger amount, and that no debt shall be contracted for any internal improvement. This renders it necessary that private corporations should carry out all future internal improvements, or that it should be done by the local political units of the State, though it will happen at times that an internal improvement is not suitable for a local government, while it is not desirable to intrust it to a private corporation.

Special municipal legislation is further forbidden by the Constitution, but as it is so necessary under the Ohio system, which provides for minute particulars of local finance, to pass different laws for different cities, according to their size, character and peculiar needs, cities have been divided into classes, and these again into grades; and as only one city may be found in a given grade of a given class, in legislating for that grade the Legislature is, after all, making laws for a particular city. The practical necessity which compelled recourse to this subterfuge shows the absurdity of these minute and injurious constitutional restrictions.

THOSE EVADING TAXES ARE GENERALLY BEST ABLE TO PAY THEM.

"For the purpose of suggestion, and by way of illustration, taxpayers may be divided into two classes: One class constantly schemes to shift off on a neighbor some burden which they themselves ought to carry; the other class, unskilled in the practices of evasion, submit to whatever is measured out to them by the recognized authorities, and pay whatever is demanded. The one class is shrewd, enterprising and adroit, the other is content to accumulate property slowly, honestly and by hard labor. It is the very first duty of a government so to shape its tax laws that this second class will be fairly dealt with; it is largely composed of those helpless and unobtrusive persons, who, treading the humbler walks of life, make but little noise in the world, and are seldom able to assert or defend their personal rights. Again, the first class, by reason of their activity and shrewdness, have more ability than the other class to carry their full proportion of a common burden. * * * It is a primary principle that the subjects of a State ought to contribute towards the support of the government, as nearly as possible in proportion to their respective abilities, but it will be seen before these reports are concluded, that in West Virginia almost the reverse is the case, and that a man of small means pays, as a rule, more in proportion than a man of large means."

"The statistics bearing on this point will scarcely be credited by persons who have not investigated the subject, and they exhibit a condition of things that ought not to be tolerated. It will be found, for instance, that a house and lot worth \$800 is valued at \$700, while a house and lot worth \$8,000 is valued at \$4,000—in the one case at seven-eighths, and in the other at one-half; that is to say, the owner of the small property has \$100 untaxed, and the owner of the large property has forty times that amount untaxed. Again, when a person dies, his entire personal estate is listed and valued by the appraisers, whose appraisement is recorded by the County Clerk. By comparing a number of these appraisements with the tax assessments made next prior to the death of such person, we find that a man with a personal estate valued immediately *after* his death at \$200, was rated immediately *before* his death at \$178; while a man whose estate is appraised at \$5,000 was rated at only \$1,500; that is to say, if the man of small means was rated in the same proportion as the man of large means he would pay taxes on only \$60, whereas he now pays on \$178."

"At present all the taxes from invisible property come from a few conspicuously conscientious citizens, from widows, executors, and from guardians of the insane and infants; in fact, it is a comparatively rare thing to find a shrewd trader who 'gives in' any considerable amount of notes, stocks, or money; the truth is, things have come to such a condition in West Virginia that, as regards paying taxes on this class of property, it is almost as voluntary and is considered pretty much in the same light as donations to the neighborhood church or Sunday school."

"A merchant's stock of goods was worth \$15,000; he 'gave it in' to the assessor at \$2,500, and this conversation occurred:

"Assessor—'I can't take this valuation, the law requires me to swear you.'

"Merchant—'If you swear me I'll vote against you next time.'

"Mr. A. paid \$800 for his piano, and listed it as worth \$100. Mrs. S paid \$250, and listed hers at \$250."

"It is useless to continue these examples; they are only too familiar to every citizen. It is idle to expect a man to meet the assessor in a proper spirit, when he feels that he is subjected to the alternative of either telling a falsehood or being swindled. If I am compelled to pay a tax which belongs to my neighbor, I am swindled, and I feel the injustice as much as if robbed on the public highway."

"Under the present system (probably) four-fifths of the invisible property is not listed, and of the visible property that is on the assessor's books (probably), one-half is assessed at forty per cent. lower than the other half."

"We frequently hear the remark: 'If a man is ten times richer than I, he ought to pay ten times as much tax; whereas, the richer a man is, the less is his tax in proportion to his property.'"

[TO BE CONTINUED.]

ECONOMIC NOTES.

WHITHER ARE WE TENDING?

A review of the causes of the recent economic disturbances in which sympathetic sentiments are allowed to predominate, is not, however, what is needed for estimating their present and future influence; but rather a review which will array and consider the facts and the conclusions which can be fairly deduced from them, apart, if possible, from the slightest humanitarian predisposition. The surgeon's probe that trembles in sympathy with the quivering flesh into which it penetrates, is not the instrumentality best adapted for making a correct diagnosis.

In attempting such a review the first point worthy of attention is, that with the exception of a change unprecedented in modern times—in the relative values of the precious metals—all that has occurred differs from the world's past experience simply in *degree*, and not in *kind*. We have, therefore, no absolutely unknown factors to deal with; and if the record of the past is not as perfect as could be desired—for it is only within a comparatively recent period that those exact statistics which constitute the foundations and absolute essentials of all correct economic reasoning have been gathered—it is, nevertheless, sufficiently so to insure against the commission of any serious errors in forecasting the future, of what in respect to industry and society is clearly a process of evolution. This evolution exists in virtue of a law of constant acceleration of knowledge among men of the forces of nature, and in acquiring a capacity to use them for increasing or supplementing human effort, for the purpose of increasing and cheapening the work of production and distribution. There is, furthermore, no reason for doubting that this evolution is to continue, although no one at any one time can foretell what are to be the next phases of development, or even so much as imagine the ultimate goal to which such progress tends. The ignorance, prejudice, and selfishness of man may operate in the future, as in the past and at present, in obstructing this progress; but to entirely arrest it, or even effect a brief retrogression, would seem to be utterly impossible.

The questions which naturally next suggest themselves, and in fact are being continually asked, are: Is mankind being made happier or better by this progress? or, on the contrary, is not its tendency, as Dr. Siemens, of Berlin, has expressed it, "to the destruction of all of our ideals and to coarse sensualism; to aggravate injustice in the distribution of wealth; diminish to individual laborers the opportunities for independent work, and thereby bring them into a more dependent position; and, finally, is not the supremacy of birth and the sword about to be superseded by the still more oppressive reign of inherited or acquired property?"—DAVID A. WELLS, in *Popular Science Monthly*.

FINANCIAL RESULTS OF STATE RAILROAD OPERATION IN FRANCE AND AUSTRIA.

A recent number of the *Revue Industrielle* discusses the results of operation of railroads, by the State, in France and Austria, and concludes that they are not very encouraging. From 1879 to 1883 the net earnings of the French State railroads were little over 3,000,000 francs per annum, reaching 3,519,000 francs in the latter year. The ratio of expenses to gross earnings passed from 77 per cent. in 1879 to 84.7 per

cent. in 1884. Reductions in rates have increased the traffic, but the net gains per kilometer have nevertheless diminished. Since 1884 the results have been a little better. The net earnings are estimated at 6,000,000 francs for 1886, but it should be remembered that the State has returned to private companies several of the least profitable lines of the State system, that by its reduced rates it has taken away some of the traffic of the Orleans Company, and that the sum set apart for the payment of guaranties has been increased. The net earnings per mile will not reach \$280. It has been proposed in the Corps Législatif that the State shall offer to give over entirely the operation of the State system to private companies, on the condition that the money expended by the State on this system, to a sum not exceeding 900,000,000 francs, be reimbursed. It seems doubtful, however, if anybody will be found willing to pay so much for a system of 2,500 kilometers (1,500 miles) earning so little.

In Austria the results are also unfavorable. From a paper recently presented to the Society of Civil Engineers by Mr. Kramer, it appears that on the State railroads of Austria the operating expenses per train mile are less than those of the private lines, but the expenses per axle mile and per ton mile are greater. This is attributed, however, largely to the cost of operating mountain lines. The net receipts in 1880, the year before the purchase by the States of the system, were \$3,839,000. In 1885 they had risen to \$4,375,000; but in that period the system had increased 537 miles in length. Reduced rates had augmented the traffic considerably, but the net receipts are now considered insufficient, and it is proposed to increase rates.

It is difficult to determine the exact results of the diminution of the expenses of State operation. On one side the insignificant decrease of \$238,000 is shown for five years' operation. On the other hand, the Minister of Finance asks a supplementary credit of \$2,160,000 for deficit in the operation of State railroads. Mr. Kramer says, "Many people in Austria, especially those who profit directly by reduced rates, and those who in principle are opposed to any kind of private monopoly, have professed themselves well satisfied with the State operation. Nevertheless, if these reduced rates have been profitable to a certain part of the public, they have seriously diminished the receipts of nearly all the private lines, and that in a period of universal financial stringency. As a result, the income of stockholders has not only been diminished, but their taxes have been increased with the growth of the interest guaranty of the State. But, whatever may be the rights of the stockholders of the private companies, whether they are foreigners or citizens of the empire, it should not be forgotten that Austria-Hungary still needs many more railroads, and that the resources of the State, which in both Austria and Hungary is struggling with a constantly increasing deficit, are absolutely insufficient for the needed extension. Under these circumstances a railroad policy which discourages private investment in railroads is very questionable."

THE CHALDEAN BANKS.

M. Revillout, in conjunction with his brother, has given the results of his researches into Babylonian law, as embodied in the multitudinous contract tablets that have been brought from Babylonia. He points out that in Babylonia and Egypt we find most of the germs and principles of Roman law, and that on this account, if on no other, the legal documents of the valleys of the Euphrates and the Nile well deserve study. The Chaldean banks were already acquainted with the principle of the

check, and the Babylonian could either open a credit at his bank or deposit his capital in it for the sake of security. Mortgages had been known from an early period, and the legal rate of interest was 12 shekels a year on each mina—a mina consisting of 60 shekels. The married woman whose father was dead had a guardian to manage her affairs and see after her rights; but, besides the lawful wife, the Babylonian might possess another of inferior rank, whom he had purchased from her parents at a given price. His rights over the latter, however, were never complete, and ceased as soon as the parents repaid the sum given to them. Companies and associations of all kinds existed in Babylon, and a prisoner could be released on bail if his friends became surety for him. It may be added that wealthy people employed agents to manage their estates; indeed, most matters of business could be transacted by a responsible mandatary or agent.—*The Contemporary Review*.

A NEW BANKRUPTCY BILL.

The following Bankruptcy bill has been introduced into the house: "That every debtor who assigns, in writing, all of his property, of every kind and description, in trust for the equal benefit of his creditors, and delivers the said writing to the trustee or trustees named therein within ten days after the making thereof, and the same operates to vest the right and title in and to the property assigned in the said trustee or trustees for the equal benefit of the creditors of such debtor, may, at any time within one year after making the said assignment, file his petition in the District Court of the United States for the district in which he resides, or, if he be a resident of the District of Columbia, then in the Supreme Court of the said District, alleging therein that he did make and deliver an assignment of the tenor and effect hereinbefore mentioned, and describing therein the property assigned, and stating the value thereof, also the names of his creditors, their places of residence, and the amount of each of their debts, and praying therein that the court adjudge that he be discharged from the payment of the said debts. The creditors of such debtor shall be made parties defendant to the petition, and shall have at least thirty days' notice of the filing thereof, and thirty days thereafter in which to answer the same. Upon the hearing of the petition, the court, if satisfied that such debtor did make and deliver an assignment in manner and form and of the effect aforementioned, and that for six months prior thereto no creditor of such debtor had been preferred, and during said time no other act was done, or suffered to be done, by such debtor, respecting his business or estate, to prevent an equal distribution of his estate among his creditors, or to give to one creditor an advantage over a co-creditor, shall order and adjudge that such debtor be forever discharged from the payment of the debts mentioned and set forth in the petition; and such order and adjudication shall be a full, complete, and final discharge of such debtor from the payment of the said debts.

FARMING IN GEORGIA.

The report of the Commissioner of Agriculture of Georgia for 1887 shows a decrease from 1886 in the amount of farm supplies purchased by the farmers, as well as in the indebtedness of the farming classes. Owing to the damaging floods last July, there is no improvement in the general condition of middle Georgia, but north and east Georgia have improved somewhat, while southwest Georgia remains at a standstill, and the southeastern counties have retrograded to some extent. "It is a remarkable fact, however," says Commissioner Henderson, "that the

farmers in southeast Georgia and throughout the wire-grass portion of the State generally have for years past been in better condition than those of the remainder of the State." The report also shows that farmers who have bought bacon and corn on time have paid thirty per cent. advance on cost prices for bacon for four months, equivalent to ninety per cent. per annum, or $7\frac{1}{2}$ per cent. per month, and thirty-six per cent. for corn, equal to 108 per cent. per annum, or nine per cent. per month. The Commissioner says these figures have been published for ten years past, and yet thousands of farmers continue to pay the excessive prices. The falling off in the purchase of supplies indicates that the farmers are giving more attention to diversified crops. The improvement in this respect, though small, is gratifying, and justifies the hope that it will be much more marked in the near future. The farmers will get farther and farther away from the credit system by giving more attention to the production of such supplies as they can produce at home. The credit system keeps them poor.—*Savannah News*.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Feb. 6.	Feb. 13.	Feb. 20.	Feb. 27.
Discounts.....	$5\frac{1}{2}$ @ $6\frac{1}{2}$..	$5\frac{1}{2}$ @ 7 ..	$5\frac{1}{2}$ @ $6\frac{1}{2}$..	$5\frac{1}{2}$ @ 6
Call Loans.....	4 @ 2 ..	$2\frac{1}{2}$ @ 2 ..	$2\frac{1}{2}$ @ 2 ..	$2\frac{1}{2}$ @ 2
Treasury balances, coin	\$138,188,635	\$130,744,487	\$129,823,708	\$129,545,900
Do. do. currency.....	11,272,151	11,631,341	11,899,269	12,441,476

Sterling exchange has ranged during February at from 4.85 @ 4.88 for bankers' sight, and $4.83\frac{1}{2}$ @ 4.86 for 60 days. Paris—Francs, 5.20 @ $5.17\frac{1}{2}$ for sight, and $5.21\frac{1}{2}$ @ $5.19\frac{1}{2}$ for 60 days. The closing rates of the month were as follows: Bankers' sterling, 60 days, $4.85\frac{1}{2}$ @ 4.86; bankers' sterling, sight, $4.87\frac{1}{2}$ @ 4.88. Cable transfers, " 4.88 @ $4.88\frac{1}{2}$. Paris—Bankers', 60 days 5.20 @ $5.19\frac{1}{2}$; sight, $5.18\frac{1}{2}$ @ $5.17\frac{1}{2}$. Antwerp—Commercial, 60 days, $5.22\frac{1}{2}$ @ $5.21\frac{1}{2}$. Reichmarks (4)—bankers', 60 days, $95\frac{1}{4}$ @ $95\frac{3}{8}$; sight, $95\frac{1}{2}$ @ $95\frac{3}{8}$. Guilders—bankers', 60 days, $40\frac{1}{8}$ @ $40\frac{1}{4}$; sight, $40\frac{3}{4}$ @ $40\frac{1}{4}$.

The reports of the New York Clearing-house returns compare as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Feb. 4..	\$362,680,700	\$24,423,900	\$34,386,800	\$384,863,700	\$7,614,700	\$22,594,775
" 11..	366,277,400	28,976,000	33,669,000	386,006,900	7,593,400	20,143,275
" 18..	366,249,400	79,843,400	33,821,200	382,908,900	7,661,200	17,937,375
" 25..	366,680,600	77,011,100	33,306,100	380,467,100	7,680,700	15,200,425

The Boston bank statement is as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Feb. 4.....	\$141,456,300	\$8,795,200	\$3,649,700	\$110,563,900	\$6,446,300
" 11.....	143,307,800	9,120,000	3,565,000	111,368,300	6,489,000
" 18.....	143,590,600	9,357,500	3,307,400	111,085,900	6,433,100
" 25.....	143,869,200	9,561,100	3,327,100	109,892,200	6,460,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1888.	Loans.	Reserves.	Deposits.	Circulation.
Feb. 4.....	\$87,165,000	\$23,227,200	\$84,589,000	\$2,302,870
" 11.....	87,134,100	23,363,300	84,106,800	2,314,590
" 18.....	86,629,500	23,257,400	83,921,200	2,322,150
" 25.....	86,498,600	22,871,600	83,802,600	2,321,740

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

RELATION OF DEPOSITOR TO CLEARING HOUSE.

A bank, member of a clearing house, finding itself unable to pay its balance, returns to the manager of the clearing house, without canceling the checks, drafts, etc., etc., against it of that day, and by the manager, to the associated banks, they paying in clearing house funds for the same. Can a demand on depositor for their repayment on any decisions heretofore rendered, fixing the liability of banks towards their depositors for items received and credited as cash, be successfully resisted?

REPLY.—Whatever be the force of the rules of a clearing house association, they do not affect depositors. In *Merchants' National Bank v. National Bank* (139 Mass., p. 518), Judge Devens remarks: "To the regulations of this association the customers of the banks are not parties, and, whatever effect is to be given to them as between the banks, their customers are not in a situation to claim the benefit of them, nor are they liable to be injuriously affected by them." The custom of presenting checks for payment to the drawee through the clearing house, instead of directly, does not affect the liability of the depository to the depositor. In *American National Bank v. Buskey* (45 Mich., p. 140), the court remarked that banks have a right to expect their depositors to know the usages of banking business and to conform to them. "And they have a right to rely to a reasonable extent on the presumption that their customers are thus dealing with them." In the above case, where the clearing house is in a large city, and has been long established, it certainly is to be presumed depositors know that their checks will be presented through these institutions for payment. In the event of not collecting them, therefore, the depository is justified in charging them back to the depositor.

PRESENTATION OF INSTRUMENT WITHOUT GRACE MATURING ON SUNDAY.

Please inform me if a note or draft drawn "without grace," maturing on Sunday or a legal holiday, is due and protestable the preceding business day, or is it, by reason of being drawn "without grace," due and protestable on the first business day thereafter?

REPLY.—This question has been answered many times. It arose in the case of *Salter v. Burt* (20 Wend., 205), which was an action against the endorser of a post-dated check, made on the 9th of August, 1836, but dated August 21, which happened to be Sunday. It was, of course, payable on the day of its date, and was without any days of grace. Payment was demanded on the previous Saturday. The court remarked that the question was whether "the demand of payment was well made on the previous Saturday, or whether it should have been made on the following Monday. When days of grace are allowable on a bill or note, and the third day falls on Sunday, the bill or note is payable on the previous Saturday. The same custom of merchants, which, as a general rule, allows three days of grace

to the debtor, has limited that indulgence to two days in those cases where the third is not a day for the transaction of business. But when there are no days of grace, and the time for payment or performance specified in the contract falls on Sunday, the debtor may, I think, discharge his obligation on the following Monday." This question was fully considered and answered in the same manner in *Avery v. Stewart* (2 Conn., 69); also in *Kunts v. Tempel* (48 Mo., 71); and in *Barrett v. Allen* (10 Ohio, 426).

BANKING AND FINANCIAL ITEMS.

THE BOND PURCHASE BILL.—Mr. Mills' bill authorizing the Secretary of the Treasury to purchase bonds with the surplus has been reported favorably by the Ways and Means Committee. It simply provides that the surplus money now in the Treasury, and such surplus as may hereafter be accumulated, may be applied to the purchase or redemption of bonds, the amount to be purchased being left to the discretion of the Secretary. There was no opposition to the bill in the committee, the Republicans taking the ground that the necessary authority to purchase bonds was already lodged with the Secretary of the Treasury under existing law. It is said this measure was originated at the Treasury Department, and was intended to confirm, by congressional action, the policy of the Department in refraining from purchasing bonds and thus permitting the surplus to accumulate.

CINCINNATI.—On the 6th of February the directors of the Metropolitan National Bank passed resolutions to suspend. The president, William Means, and the vice-president, John R. Decamp, were arrested on a charge of violation of the national banking law, and gave bonds to the extent of \$20,000 each. Bank Examiner Sanders reported that there had been no defalcation, and that the losses have arisen entirely from loans on insufficient security. During the examination Mr. Sanders succeeded in getting about \$275,000 of additional collateral put up by parties to whom excessive loans had been made. The Examiner says he thinks the losses will not exceed \$350,000, even if the bank has to be wound up, while if it goes on a good part of this may be saved. The books, he says, show at the credit of the surplus account and profit and loss about \$190,000, so that should the losses reach the extreme limit of estimate, the capital of \$1,000,000 would be but little impaired. The Controller, in speaking of the report, said that the creditors can lose nothing in any event, and, should the bank survive the present run and pass under more prudent management, the stockholders may escape serious loss.

SILVER CERTIFICATES.—The United States Treasurer has issued the following notice in regard to one and two dollar silver certificates: The Treasurer of the United States will issue silver certificates of the denominations of one dollar and two dollars in return for national bank notes or for United States notes or silver certificates mutilated or unfit for circulation, only received for redemption under the regulations now in force. As heretofore, the charges for transportation to Washington on national bank notes in sums or multiples of \$1,000 will be paid by the Government. The charges on United States notes and silver certificates forwarded for redemption or exchange will be deducted from the proceeds of the remittances at contract rates, unless prepaid, and the charges for returns in new silver certificates are to be paid by the consignee at the Government contract rates.

NEW YORK CITY.—The New York solvent savings banks have made returns for the past year to the Superintendent of Banking. Fourteen of these show greater deposits than withdrawals, while eight had amounts exceeding the deposits withdrawn. In the former, the deposits over the withdrawals reaches \$4,934,000, while in the latter the sums withdrawn exceed the deposits by \$1,511,500. This would give nearly \$3,500,000 net increase in the savings, and indicate that the times have

been fairly good. The total for 1887 shows deposits amounting to \$81,448,762, against \$70,236,943 in the previous year. The greatest increase was in the Emigrant Industrial, where deposits amounted to \$12,663,000. The Bank for Savings, Bowery, and German averaged about \$8,500,000.

PHILADELPHIA.—P. F. Kernan and S. Edwin Margargee, assignees of the defunct Columbian Bank, have filed their first account of the affairs of the insolvent institution. The account shows that in their first six months of service the assignees have gathered in \$115,000 of the bank's assets, of which about \$57,000 cash remains to be disbursed among the unfortunate depositors. Of this \$115,000 about \$30,000 consists of deposits of people against whom the bank held notes at the time of its failure. The liabilities, originally \$280,000, will be thus reduced to \$250,000, and the \$57,000, which will soon be ready for disbursement, will therefore be something more than 20 per cent. of the deposits and other liabilities. The assignees still have much work before them. A large part of the assets of the bank remain in the shape of stocks, bonds and securities of various characters. It still remains to proceed against the stockholders.

TOLEDO, OHIO.—H. B. Wilson, cashier of the First National Bank of Ironton, has been chosen vice-president of the First National Bank of Toledo, and has accepted the position. He has been in the banking business here ever since he was a boy, and cashier of the First National for nearly sixteen years, and it is with profound regret that he severs the social and business ties of a life to enter a new field; but he does not feel that he can, in duty to himself and family, forego the many advantages and opportunities that the new situation will afford. The bank to which he goes is an established one, on a sound and healthy basis, with a capital of a half million and a deposit account of over a million. Col. Wilson's experience in the business, his affable manners, his supreme integrity and disposition for work, will certainly be of valuable account to that enterprise. His hosts of friends wish him great success in his new position, but accept with genuine regret the fact of his intended departure. As a member of the City Council and an active participant in business, public and social affairs of this city, his life has been near the people, whose confidence and respect he will carry with him wherever he goes.—*Ironton Register*.

GLASGOW SAVINGS BANK.—The *Boston News Bureau* corrects its erroneous report that the Glasgow Savings Bank is the largest in the world, with £4,600,000 funds and 137,000 depositors. It says: "There is probably an error in this, as the amount of deposits given is not the largest in the world, though the number of depositors may be. The average deposit of each investor in the savings banks of this country is, according to the *Maverick National Bank Manual*, \$360, and if the Scotchmen do as well, the 137,000 depositors would give \$49,000,000, or £9,800,000 deposits. The Provident Institution in this city has deposits of over \$26,000,000. Williamsburg Savings Bank, in Brooklyn, has over \$23,000,000; Brooklyn Savings Bank about \$23,000,000; Seamen's Saving Bank, in New York, has \$28,000,000; Emigrants' Industrial, \$31,000,000; Bank for Savings, \$40,000,000; Bowery Savings Bank, \$43,000,000."

LONG ISLAND.—With a strong Board of Directors, the Queens County Bank is now open for business at its new banking house in Long Island City, 27 Borden avenue, near the railroad station and ferry. The bank is not a new enterprise, having been situated at Flushing since its organization as the Flushing and Queens County Bank, in 1873. The somewhat limited field there, and the needs of a bank in Long Island City, induced a transference to the latter place. It is one that will prove very convenient to farmers, merchants, and the general public in the interior of Long Island, as well as to people living or doing business at or near Hunter's Point, Astoria and Steinway. John Good is the president and L. M. Franklin cashier, both men of experience in the general banking business which is to be transacted. The Board of Directors include two of the Messrs. Steinway and Messrs. Heye, Benner, Mauriac, Ehret, Bowne, Duryea, Burke, Willets, Mack and others, whose names give evidence of careful business management.

HAMILTON, OHIO.—The Comptroller of the Currency has authorized the organization of the Miami National Bank, of Hamilton, Ohio. Peter Murphy is

president, State Senator E. G. Rathbone vice-president, Fletcher S. Heath cashier, and F. W. Whittaker, ex-treasurer of Butler County, is assistant cashier. Mr. Heath has been for about five years cashier of the Citizens' Bank at Oxford. The directors are Peter Murphy, E. G. Rathbone, G. W. St. Clair, Perry S. Heath, Jacob Schollenbarger, C. F. Gunckel and John W. Fenton. The capital stock of the bank is \$100,000, and the bank is to be made a United States depository. The bank was opened for business on February 10th.

PHILADELPHIA.—The Philadelphia Clearing House Association, representing all the national banks of that city, at their monthly meeting, on the 13th of February, passed the following resolution :

"*Resolved*, That the thanks of this association are due, and they are hereby cordially tendered to Mr. William H. Rhawn, who has served the association for more than twenty-one years as its secretary in the most efficient and satisfactory manner."

Mr. Rhawn, who is the President of the National Bank of the Republic, was re-elected the Secretary of the Clearing House Association at the January meeting, and began his twenty-second year of service in that important post. He is the oldest officer of the association in continuous service, and that important body, as well as Mr. Rhawn himself, are to be congratulated upon the renewed confidence thus reposed in so capable an official.

CINCINNATI.—The closing of the Metropolitan National Bank is doubtless the end of reckless banking in Cincinnati. The other institutions are managed with prudence. It is true that a few years ago the Third National Bank was used by a speculative president for his own purposes, but happily a change was made in time to save the bank from going the way which nearly all of them do, sooner or later, that have speculative boards of directors or officers. Under the energetic but conservative presidency of Mr. J. D. Hearne, aided by competent assistants, the Third National has regained a solid place in the business world, has accumulated a handsome surplus, and is in a highly prosperous and sound condition.

FINANCIAL REVIEW FOR 1887.—This is the well known and highly useful annual publication of William B. Dana & Co., 102 William street, New York. After giving a retrospect of the year, the figures relating to failures follow, and then those of clearings and speculations, banking and financial statistics, trade commerce; it contains also a review of the money market, the production of gold and silver, the course of foreign exchange, investments, the debts of the nation and States, railroad statistics—their earnings, a description and the prices of their bonds, and also those of cities. The information is prepared with care, and this publication cannot be too highly commended to those who need such a record for business or other purposes.

RAHWAY, N. J.—After many months of hard work and earnest efforts to bring the best results possible out of unfavorable and unavailable assets, the committee appointed to wind up the affairs of the Rahway Savings Institution have been successful. The bank has paid nearly 60 per cent. in dividends since it failed in 1877, and still owes somewhere near \$200,000 to its depositors. Among the assets held by the bank are \$181,000 worth of Rahway water bonds, and it is over these that there has been the greatest difficulty in reaching a settlement. Many prominent citizens considered that these bonds were no more of an obligation to be paid in full than any other bond of the city, but the fact that the water works furnished a revenue from which three or four per cent. interest could be paid made many others as stoutly claim that they should not be classed among the other debts of the city, which were being compromised at 35 cents on the dollar. Among those holding this view were the bank managers, and no agreement as to their valuation could be reached. It is stated that at a conference of the principal depositors it has been agreed that all those whose claims amount to \$30 or less will be paid in cash, and those whose claims are above that will accept the water bonds at an estimated valuation of 80 cents on the dollar.

SENATOR TELLER'S PLAN FOR A NATIONAL BANK CIRCULATION.—The Senator says that he would favor making the issuance of bank notes optional with the banks themselves, and provide for the deposit of a nominal sum of cash with the Treasury, for which an ordinary certificate of deposit would be issued, drawing no in-

terest, but intended only to keep up the Federal connection with the bank, thereby giving authority for Government supervision. A bond drawing no interest, and running, say fifty years, could be issued for national bank security, but the deposit of cash would do as well; while the matter of circulation was not a necessity or a convenience; neither was it a source of benefit.

"If there ever was any necessity for bank notes it has disappeared. We have the best banking system in the world, but it was not made good by the system of circulation. Government supervision and Federal laws generally are what made and perfected the system. A deposit of \$1,000 and the issuance of no circulation will give the same security the present system affords a bank.

"I would also maintain the present system of circulation to the extent of reducing the minimum of deposit with the Treasurer to the lowest possible figure; but leave it so bonds or cash could be deposited. If cash, a certificate would be issued by the Treasury, and no bank circulation would issue. If bonds are deposited the limit might be raised at the opinion of the bank, and the circulation issued in proportion. I do not think banks should be confined to the deposit of bonds to secure circulation, even if the minimum is reduced, and I do not think they ought to be required to take out circulating notes, since the end sought can be so much easier obtained."

HON. HENRY M. KNOX, late Public Examiner and Superintendent of Banks for Minnesota, has been elected vice-president of the Security Bank, of Minnesota, at Minneapolis. This is a strong institution, having over five millions of assets.

UNCLAIMED SAVINGS BANK DEPOSITS.—Though there was much opposition by the officers of savings banks to the passage of the act of 1887 requiring their treasurers, within fifteen days after the last business day of October of that year and every fifth year thereafter, to make returns to the commissioners of funds in their hands belonging to unknown depositors of twenty years' standing, the working of the law has changed the minds of some, though others still deprecate it.

The effect of the law, according to the views of an officer of the Provident Institution for Savings, established in 1816, has been beneficial, inasmuch as many long-standing accounts have been adjusted, depositors traced, and, when dead, heirs have appeared upon reading the published lists. One notable case in the last category was where the justice of the claim of heirs depended upon the genuineness of the signature of the deceased depositor, a lady, on the bank's book. This was compared with a document signed by her at about the time of the deposit a half-century ago, and found to correspond. To make assurance doubly sure, the registry of deeds was consulted, and other signatures of the lady compared, with like result. That settled it, and the amount, a considerable sum, was turned over to relatives.

There had been some instances where names that were identical had caused some confusion and not a little disappointment, but deliberate frauds had been rare, and but little money had been paid out. In recent years frauds were next to impossible, for, in addition to signatures, the birthplace and location of the depositor were required.

The Suffolk Savings Bank, established in 1833, advertised a shorter list than the Provident, being a younger institution, and having taken extraordinary measures to trace depositors, living or dead, who had not been heard from in the two decades, fearing that the publicity given to many names might prove objectionable. There had been but few responses, and none of them of a remarkable character.

THE GUARANTEE COMPANY OF NORTH AMERICA.—The fifteenth annual report of the Guarantee Company of North America betokens a most gratifying progress upon the part of that now indispensable institution. The fact that the dividend of six per cent. upon the paid up capital has been more than defrayed by the interest upon the company's investments alone, thus leaving the whole of the balance of the revenue to be added to the reserves and surplus, denotes the strong financial position to which it has now attained, and is one of the most encouraging features of the report. Every single item of revenue shows a steady advance upon the total of the preceding year, and a still more notable point is that, in spite of the increased revenue and consequently larger volume of business transacted, there has been a

reduction both in the working expenses and in the amount of losses paid during the year. For purposes of comparison, the following figures, covering the principal items in the report, will interest our readers, and will show more forcibly than any editorial comment how well sustained has been the improvement in every branch of the company's business :

	1887.	1886.
New bonds issued.....	\$17,468,666	\$15,289,100
Total in force.....	26,516,416	26,179,325
Gross annual premium.....	217,857	214,784
Total income.....	270,783	252,303
Working expenses.....	105,723	111,611
Losses paid.....	75,012	76,291
Surplus for policy holders.....	425,316	393,860
Total resources.....	933,846	896,917
Balance carried forward.....	565,247	528,317

The managing director, Mr. Edward Rawlings, and his staff of assistants, certainly deserve the congratulations of the shareholders upon the very satisfactory showing they have made. It must be remembered that no departure has been made from the strictly conservative course hitherto pursued. The business done has been rigorously confined to legitimate guarantee transactions, and in no case has the managing director been tempted to issue bonds for any risks the nature of which is undefined or the responsibility interminable. In spite of the severe competition and unwise cutting of rates by some of its competitors, the progress of the company has been steadily upward and onward ; a result due undoubtedly to the skill and caution with which the business of the year has been conducted by the management."

The above account of the affairs of the company is taken from the *Canadian Journal of Commerce*, and the words of commendation on the company's management are well deserved.

SACO, ME.—The end of the Saco Bank robbery sensation has come. The institution has recovered every dollar of the \$265,000 worth of registered bonds stolen by Frank C. McNeally last August. The trustees have made the following statement :

"A registered package posted in Liverpool, Feb. 3, directed to the Goodall, Saco and Biddeford Savings Institution, was received at the Saco post-office on the 14th inst. Upon being opened at a meeting of the trustees on the 15th inst., it was found to contain the 37 United States registered 4 per cent. bonds of \$5,000 each, amounting to \$185,000, together with the negotiable bonds amounting to \$80,000, with all their coupons attached, which were stolen from the Saco and Biddeford Savings Bank by Frank C. McNeally. The bonds were recovered by Harry McNeally, his brother, who thereupon arranged with Brown, Shipley & Co. of London and Liverpool for their safe delivery at Saco by registered post. The return of the bonds is accompanied with no conditions whatever. Harry McNeally is unquestionably entitled to the reward offered, and has earned the gratitude of the institution and its depositors by his efforts to secure the bonds. All his expenses in these efforts were paid from his own earnings and savings."

A NOTE THAT WON'T BOTHER THE MAKER.—In 1886, Charles G. Mead, of the town of Rochester, held a claim against W. A. Davis, jr., a dealer in Shawangunk Mountain mill stones. Davis not paying the claim promptly, Mead brought a suit and the two parties got together and agreed upon \$25 as the proper amount. Davis then gave Mead the following :

\$25.

SEPTEMBER 9, 1886.

Thirty days after death I promise to pay to Charles G. Mead twenty-five dollars, value received.

WILL A. DAVIS, JR.

Mead took the note, and, as he afterwards claimed, without noticing the word "death" supposing the usual word "date" had been written instead. At the expiration of thirty days Mead demanded payment, and the amount not being forthcoming, he brought a suit before Squire Frank D. L. Montanye, of the town of Marbletown, demanding judgment for the full amount. Upon this suit he claimed that he understood the note was to be paid thirty days after date. Judg-

ment was rendered in his favor for the full amount. Davis did not put in an appearance before the Justice, but later he took an appeal from the County Court. In reversing the judgment, Judge Kenyon, referring to the note, says: "Its terms are unambiguous and certain. Its payment does not depend upon an uncertain event. Death is certain. Parole proof was not admissible, and will not be permitted to change the time of payment of the note. The matter 'still lives,' and the note has not been matured."—*Kingston Freeman*.

HOW BUILDING ASSOCIATIONS EARN SEVEN PER CENT.—Secretary A. A. Winters, of the Mutual Home and Savings Association, of Dayton, O., the largest building association in the United States, has issued his fifteenth annual report. The receipts from January 1, 1887, to December 31, were \$1,068,082.68. Disbursements: Loans on mortgages, \$558,329.76; temporary loans, \$18,500; paid on withdrawals on running stock, \$210,522.32; paid on withdrawals on paid-up stock, \$163,300; dividends, \$53,688.62. The expenses were \$10,969.15. The profits were: From pass-books and certificates, \$513.75; premiums, \$15,737.65; interest, \$59,183.12; fines, \$656.06; profit and loss, \$178.39; interest on temporary loans \$344.92; total earnings, \$76,613.89.

"The rate of premium on money loaned has continued the same during the entire year—two cents per week on each \$100. This makes the total rate of interest paid by borrowers, after deducting dividends, 7.04 per cent. per annum, as can be seen by the table in the latter part of the annual report.

"We have also been able to declare and pay to members a dividend of 3½ per cent. in July, and 3½ per cent. at the close of the year, making a total dividend of 7 per cent. for the year, besides carrying a small sum to the fund for contingent losses.

"A great many people, unacquainted with our method of doing business, are puzzled to understand how we are able to pay about the same rate of dividend as we receive rate of interest on money. Where do you make your expenses, say they, which experience has shown to be about one per cent. of all money handled? The question is a very natural one, and yet there is nothing mysterious or extraordinary about it whatever. The only general answer to the question is that the extra one per cent. is made out of the odds and ends, which answer only mystifies the questioner more than ever. But what we mean is this, that there are a number of little things in the conduct of building associations, which, while they are trifles, unworthy of notice to any one member, when collected together from all sources into one sum, are sufficient to pay the entire expense of conducting the business.

"For instance: Paid up stock does not begin to draw dividends until thirty days after it has been deposited, yet we have the use of the money at once. Again, all our earnings are paid to us weekly, and we are only required to pay dividends semi-annually. Thus we have the use of that money until the close of the six months. Then again, many members draw their money before they are entitled to any dividends at all, and it will be seen by referring to the by-laws that any one who withdraws loses interest from the beginning of the six months during which he withdraws. Dividends are not always drawn when ready to pay, and we have the use of the money until called for. Fines are also a small source of revenue, although nothing like so great as most people think; our fines for the whole year being only \$656.06. Still other small things contribute. Thus it can be seen what we mean by the odds and ends. To the uninitiated they no doubt look inadequate. But they are like the individual deposit of each member; when viewed by itself it looks small and insignificant, but when they are all collected together they swell into millions."

The president receives a salary of one hundred dollars a year, and five dollars a week as director. Each director receives five dollars a week. The secretary receives \$1,500. The extra expense of running the association is a little over one per cent. of earnings. Their expenses last year were \$10,969.15, which is less than some of our banks pay here for rent.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from February No., page 644.)

	Bank and Place.	Elected.	In place of.
N. Y. CITY.	Central Safe Deposit Co....	Geo. F. Vail, <i>Pr.</i>	John Green*
"	.. Fourth National Bank.	{ J. Edward Simmons, <i>Pr.</i> Cornelius N. Bliss, <i>V. Pr.</i> Wm. H. Perkins, <i>V. Pr.</i>	
"	.. Garfield National Bank.....	Henry D. Northrop, <i>Cas.</i>	Geo. F. Vail.
ALA....	Birmingham N. B., Birmingham	R. D. Johnston, <i>Pr.</i>	John W. Read.
"	.. First Nat. Bank, Decatur.....	W. B. Shackelford, <i>A. C.</i>	
"	.. Nat. Commercial Bank, Mobile.	Wm. B. Pope, <i>Cas.</i>	A. M. Punch.
ARK..	Exchange Nat. Bank, Little Rock.	{ J. H. McCarthy, <i>Pr.</i> A. P. Howell, <i>V. Pr.</i>	{ Chas. F. Penzel. J. H. McCarthy.
CAL....	First Nat. Bank, Petaluma....	Fred O. Wickersham, <i>A. C.</i>	
"	.. First National Bank, Riverside.	{ A. H. Naftzger, <i>Pr.</i> A. Harberlin, <i>Cas.</i> Stanley J. Castleman, <i>A. C.</i>	{ Isaac V. Gilbert. A. Harberlin. A. Harberlin.
"	.. Santa Rosa Nat. Bank, Santa Rosa.	{ S. R. Cooper, <i>Pr.</i> A. B. Ware, <i>V. Pr.</i>	{ E. W. Davis. J. H. Brush.
COL..	First National Bank, Boulder.	{ J. G. Cope, <i>Pr.</i> Andrew J. Macky, <i>V. Pr.</i>	{ Andrew J. Macky. J. G. Cope.
"	First Nat. B'k, Glenwood Sprgs.	C. C. Hendrie, <i>Ass't Cas.</i>	
"	.. South Pueblo N. B., Pueblo....	A. Royal, <i>V. Pr.</i>	
CONN...	Nat. Exchange Bank, Hartford.	F. B. Cooley, <i>V. Pr.</i>	
"	.. First Nat Bank, Mystic Bridge.	F. M. Manning, <i>Pr.</i>	
"	.. Norwich Nat. Bank, Norwich..	Chas. C. Johnson, <i>Pr.</i>	Frank Johnson.
DAK....	Deadwood National Bank, Deadwood.	{ N. W. Wells, <i>Pr.</i> Geo. C. Hickok, <i>Cas.</i> Ed. A. Younglove, <i>A. C.</i>	{ Geo. C. Hickok. Jas. L. Maxwell, Jr.
"	.. G'd Forks Nat. Bank, G'd Forks.	F. T. Walker, <i>V. Pr.</i>	L. B. Richardson.
"	.. Hillsboro Nat. B'k, Hillsboro..	Daniel Patterson, <i>V. Pr.</i>	A. H. Morgan.
"	.. Beadle Co. Nat. Bank, Huron.	F. P. Addy, <i>Ass't Cas.</i>	
"	.. First National Bank, Parker...	Geo. W. Stone, <i>V. Pr.</i>	J. M. Bailey, Jr.
"	.. Citizens Nat. B'k, Sioux Falls..	E. L. Cass, <i>Ass't Cas.</i>	
"	.. Sioux Falls Nat. B'k, Sioux Falls.	L. R. Root, <i>Ass't Cas.</i>	
"	.. Dakota Nat. B., Sioux Falls....	C. F. Irvine, <i>Ass't Cas.</i>	W. G. McKennan.
"	.. First National Bank, Sturgis...	Charles Francis, <i>V. Pr.</i>	
"	.. Bank of St. Thomas, St. Thomas.	{ A. B. Little, <i>V. Pr.</i> W. McBride, <i>Cas.</i>	{ W. McBride. A. B. Little.
FLA....	First N. B. of Fla., Jacksonville.	Bryan Taliaferro, <i>Cas.</i>	
"	.. Florida Sav. Bank, Jacksonville.	H. Morgan, <i>Treas.</i>	Lowell D. Hosmer.
"	.. First National Bank, Orlando..	T. J. Shine, <i>Pr.</i>	Chas. Joy.
GA....	Peoples National Bank, Americus.	{ S. Montgomery, <i>Pr.</i> J. C. Roney, <i>V. Pr.</i> John Windsor, <i>Cas.</i>	{ John Windsor. John B. Felder.
IDAHO..	First National Bank, Moscow...	W. W. Langdon, <i>V. Pr.</i>	Henry Durham.
ILL....	Second Nat. Bank, Belvidere...	David D. Sabin, <i>V. Pr.</i>	John J. Foote.
"	.. Commercial Nat. B'k, Chicago.	F. S. Eames, <i>2nd V. Pr.</i>	
"	.. Lincoln Nat. Bank, Chicago....	V. C. Price, <i>Pr.</i>	John L. Beveridge.
"	.. Union Nat. Bank, Chicago....	Aug. Blum, <i>and Asst. C.</i>	
"	.. First National Bank, Elgin.	{ Morris C. Town, <i>Pr.</i> Allen C. Fuller, <i>V. Pr.</i>	{ I. C. Bosworth. Morris C. Town.
"	.. Mattoon Nat. Bank, Mattoon..	Mark Kahn, <i>V. Pr.</i>	
"	.. Farmers Nat. Bank, Princeton.	Austin Norton, <i>Cas.</i>	Watson W. Ferris.
"	.. Ricker National Bank, Quincy.	H. F. J. Ricker, Jr., <i>A. C.</i>	B. Aworkamp.
"	.. Ridgely National Bank, Springfield.	{ Wm. Ridgely, <i>Pr.</i> Edward Ridgely, <i>Cas.</i>	{ N. H. Ridgely. Wm. Ridgely.
"	.. Centennial Nat. Bank, Virginia.	Wm. Epler, <i>V. Pr.</i>	T. J. Crum.
"	.. Commercial National Bank, Wilmington.	{ E. W. Felton, <i>Pr.</i> H. N. Roberts, <i>V. Pr.</i> Wm. M. Odell, <i>A. Cas.</i>	{ David U. Cobb. E. W. Felton. H. N. Roberts.
IND....	Franklin National Bank, Franklin.	{ John Clarke, <i>Pr.</i> J. C. Smith, <i>V. Pr.</i> Victor Smith, <i>Ass't Cas.</i>	{ John T. Vawter. John W. Ragsdale. R. T. Overstreet.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
IOWA...	Clarinda Nat. Bank, Clarinda..	W. W. Morsman, <i>V. Pr.</i>	W. D. Merriam.
"	.. Iowa Nat. Bank, Des Moines..	C. B. Worthington, <i>Cas.</i>	Geo. H. Maish.
"	.. Fort Dodge National Bank,	A. F. Gunther, <i>Pr.</i>	J. C. Cheney.
"	Fort Dodge.	A. E. Haskell, <i>V. Pr.</i>	A. F. Gunther.
"	.. Jasper County Bank,	J. C. Cheney, <i>Cas.</i>	G. B. Wheeler.
"	Newton.	J. M. Woodrow, <i>Pr.</i>	James Wilson.*
"	.. Clarke County Bank,	Frank Wilson, <i>Cas.</i>	J. M. Woodrow.
"	Osceola.	B. F. Garrettson, <i>Pr.</i>	J. V. Banta.
"	.. Iowa National Bank,	W. G. Agnew, <i>V. Pr.</i>	.....
"	Ottumwa.	T. H. Eaton, <i>Cas.</i>	J. W. Edgerly.
"	.. First National Bank, Rockford.	C. K. Blake, <i>Ass't Cas.</i>	.....
"	Shenandoah N. B., Shenandoah.	J. S. Childs, <i>V. Pr.</i>	R. C. Matthews.
KAN....	Anthony National Bank,	E. S. Ferris, <i>Cas.</i>	H. F. Wilson.
"	Anthony.	P. Anderson, <i>Pr.</i>	C. R. Miller.
"	.. First National Bank, Ashland.	F. M. Anderson, <i>Ass't C.</i>	.....
"	.. First National Bank, Concordia.	J. S. Myers, <i>V. Pr.</i>	John W. Ayers.
"	.. Emporia National Bank,	F. J. Atwood, <i>Pr.</i>	Geo. W. Marshall.
"	Emporia.	C. Hood, <i>Pr.</i>	P. B. Plumb.
"	.. Citizens National Bank,	W. T. Soden, <i>V. Pr.</i>	C. Hood.
"	Fort Scott.	C. W. Goodlander, <i>Pr.</i>	John Perry.
"	.. First National Bank,	Isaac Stadden, <i>V. Pr.</i>	C. W. Goodlander
"	Greenleaf.	T. J. C. Smith, <i>Pr.</i>	J. W. Beach.
"	.. Halstead National Bank,	Wm. Cairns, <i>V. Pr.</i>	A. A. Young.
"	Halstead.	M. S. Ingalls, <i>Pr.</i>	Jacob Linn.
"	.. First Nat. Bank, Harper.....	Jacob Linn, <i>V. Pr.</i>	M. S. Ingalls.
"	Harper National Bank,	U. G. Wilson, <i>Cas.</i>	Geo. D. Thompson.
"	Harper.	Joseph Munger, <i>Pr.</i>	H. C. Munger.
"	.. First National Bank, Holton..	J. W. Hayden, <i>V. Pr.</i>	Joseph Munger.
"	.. First Bank of Macksville,	Chas. Morris, <i>V. Pr.</i>	A. D. Walker.
"	Macksville.	J. T. Woodford, <i>Pr.</i>	J. W. Rush.
"	.. First National Bank, Olathe...	J. C. Brinkman, <i>V. Pr.</i>	.....
"	.. Miami Co. Nat. Bank, Paola..	J. B. Bruner, <i>V. Pr.</i>	.....
"	.. First National Bank,	G. W. Mitchler, <i>V. Pr.</i>	Isaac La Grange.
"	Pittsburg.	John R. Lindburg, <i>Pr.</i>	T. Judson Hale.
"	.. First National Bank,	John W. Brewer, <i>V. Pr.</i>	John R. Lindburg.
"	Pratt.	R. E. Carlton, <i>Ass't Cas.</i>	A. E. Nau.
"	.. Pratt Co. National Bank,	C. S. Calhoun, <i>Pr.</i>	H. W. Lewis.
"	Pratt.	H. W. Lewis, <i>V. Pr.</i>	C. S. Calhoun.
"	.. Farmers State B., Solomon City.	R. C. Gray, <i>Pr.</i>	Barclay Preston.
"	.. First Nat. Bank, Wa Keeney..	W. Dwight Bell, <i>A. C.</i>	.....
"	.. Northern Bank of Ky., Lexington.	Wm. C. Ferguson, <i>Cas.</i>	John L. Guy.
KY....	.. First Nat. Bank, Louisville...	H. O. Rogers, <i>Ass't Cas.</i>	.....
"	.. N. B. of Union Co., Morganfield	R. R. Stone, <i>Pr. (pro tem)</i>	W. D. Boswell.*
LA.....	Louisiana Nat. B., New Orleans.	John H. Ward, <i>V. Pr.</i>	Jacob Peter.
ME....	Merchants Nat. Bank, Bangor..	R. A. Waller, <i>Pr.</i>	Geo. Husted.
"	Penobscot Sav. Bank, Bangor..	R. M. Walmsley, <i>Pr.</i>	Joseph H. Oglesby.*
"	.. Northern Nat. Bank, Hallowell.	Edward H. Blake, <i>Pr.</i>	Samuel H. Blake.
MD....	Man. Nat. Bank, Baltimore....	Franklin A. Wilson, <i>Pr.</i>	G. L. Boynton.*
"	.. First Nat. Bank, Baltimore....	Jas. H. Leigh, <i>Pr.</i>	Justin E. Smith.
"	.. Savings Bank of Baltimore,	J. L. Turnhill, <i>V. Pr.</i>	.....
"	Baltimore.	Gilmor Meredith, <i>V. Pr.</i>	.....
"	.. Third Nat. Bank, Baltimore...	David Baldwin, <i>Pr.</i>	Archibald Sterling.
"	.. Patapso Nat. Bank,	S. McD. Richardson, <i>T.</i>	David Baldwin.
"	Ellicott City.	Wm. H. Shryock, <i>V. Pr.</i>	J. F. Dix.
MASS..	Amherst Sav. Bank, Amherst..	E. A. Talbott, <i>Pr.</i>	Samuel K. George.
"	Faneuil Hall Nat. B'k, Boston..	J. H. Leishear, <i>V. Pr.</i>	E. A. Talbott.
"	.. Second National Bank, Boston.	Edw. D. Bangs, <i>Treas.</i>	Samuel C. Carter.
"	.. Randolph National Bank,	J. V. Fletcher, <i>V. Pr.</i>	.....
"	Randolph.	Thos. P. Beal, <i>Pr.</i>	James H. Beal.
"	.. Mechanics Sav. Bank, Worcester.	Chas. G. Hathaway, <i>V. Pr.</i>	.....
MICH...	Charlevoix Sav. B., Charlevoix.	Jno. J. Crawford, <i>Cas.</i>	C. G. Hathaway.
"	.. First National Bank,	J. Edwin Smith, <i>Pr.</i>	Francis H. Dewey.
"	Ithaca.	O. D. Wood, <i>Pr.</i>	.....
"	.. First Nat Bank, St. Louis.....	Chas. E. Webster, <i>V. Pr.</i>	Wm. E. Winter.
"		C. A. Price, <i>Ass't Cas.</i>	.....
"		R. M. Steel, <i>Pr.</i>	John A. Elwell.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected,</i>	<i>In place of</i>
MICH...	Nat. Bank of Sturgis, Sturgis..	Wm. Allman, <i>V. Pr.</i>	a. F. Packard.
"	Three Rivers N.B., Three Rivers.	J. W. French, <i>Pr.</i>	John Cox.
MINN...	American Exchange Bank, Duluth.	A. R. Macfarlane, <i>M'gr.</i>	
"	Duluth Union Nat. Bank, Duluth.	James C. Hunter, <i>Cas.</i> ... A. R. Macfarlane.	
"		H. F. Brown, <i>1st V. Pr.</i>	
"		A. F. Kelley, <i>2nd V. Pr.</i>	
"	Bank of Nova Scotia, Minneapolis	Henry A. Ware, <i>Cas.</i>	C. R. Haines.
"	Mankato Nat. Bank, Mankato..	H. C. McLeod, <i>Ag't.</i>	Jas. B. Forgan.
		John H. Ray, <i>Pr.</i>	Daniel Buck.
MO....	Kansas City Savings Bank, Kansas City.	Chas. R. Russell, <i>Pr.</i>	J. Feld.
		Thos. E. Gaines, <i>V. Pr.</i>	
"	Citizens National Bank, Sedalia.	Redman Callaway, <i>Cas.</i> ..	Abram Mann.
"	Central National Bank, Springfield.	Will L. Gaines, <i>Ass't C.</i>	
"		Wm H. Powell, <i>Pr.</i>	John J. Yeater.
"	Saxton Nat. Bank, St. Joseph..	John D. Crawford, <i>V. Pr.</i> ..	Wm. H. Powell.
MONT..	Dillon National Bank, Dillon.	J. M. Doling, <i>V. Pr.</i>	
"	First Nat. Bank, Great Falls..	J. D. Sheppard, <i>2nd V. P.</i>	
"	Second National Bank, Helena.	R. D. Duncan, <i>Ass't Cas.</i> ..	
"		J. B. Crow, <i>Cas.</i>	David Lamont.
"	National Park Bank, Livingston.	R. J. Moore, <i>Ass't Cas.</i>	F. W. Schenck.
"		T. E. Collins, <i>Pr.</i>	C. A. Broadwater.
"	Missoula National Bank, Missoula.	C. K. Cole, <i>V. Pr.</i>	J. B. Sanford.
"		Geo. B. Child, <i>Cas.</i>	C. K. Cole.
"		W. M. Wright, <i>Pr.</i>	Wm. R. Stebbins.
"		J. S. Thompson, <i>V. Pr.</i>	W. M. Wright.
"		C. A. Stebbins, <i>Cas.</i>	Albert L. Love.
"		E. H. Talbott, <i>Ass't Cas.</i> ..	H. L. Burton.
"		Ferd. Kennett, <i>Pr.</i>	C. P. Higgins.
"		D. D. Bogart, <i>Cas.</i>	Ferd. Kennett.
NEB...	First Nat. Bank, Auburn.....	W. H. Hay, <i>Ass't Cas.</i>	H. H. Waite.
"	Exeter National Bank, Exeter.	W. H. Taylor, <i>Pr.</i>	Robt. Wallace.
"		S. P. Rogers, <i>Ass't Cas.</i>	
"	Exchange Nat. Bank, Hastings	Robt. Brown, <i>V. Pr.</i>	W. H. Lanning.
"	First National Bank, Hebron.	J. M. Bennett, <i>V. Pr.</i>	J. J. Maloney.
"		W. H. Ellison, <i>Ass't Cas.</i> ..	
"	First National Bank, Wayne.	Henry Ley, <i>V. Pr.</i>	D. C. Patterson.
"		Wm. S. Gillette, <i>A. C.</i>	
N. H....	Citizens National Bank, Newport.	C. M. Emerson, <i>Pr.</i>	L. F. Dodge.
"		S. G. Stowell, <i>V. Pr.</i>	F. A. Rawson.
N. J....	Asbury Park National Bank, Asbury Park.	John A. Githens, <i>Pr.</i>	Egbert Townner.
"	Belvidere Nat. Bank, Belvidere.	Geo. W. Byram, <i>V. Pr.</i>	Stephen T. Willets.
"		A. B. Kelsey, <i>Cas.</i>	Israel Harris.
"	Nat. State Bank, Camden.....	H. Lippincott, <i>Pr.</i>	Israel W. Heulings.
"	Nat. State Bank, Elizabeth....	J. H. Kean, <i>V. Pr.</i>	John Kean, Jr.
"	Second Nat. Bank, Hoboken...	Wm. Machold, <i>V. Pr.</i>	H. L. Timken.
"	Provident Institution for Sav., Jersey City.	David Smith, <i>Pr.</i>	
"		E. W. Kingsland, Jr. <i>S&T.</i> ..	E. W. Kingsland.
"	Mechanics Nat. Bank, Trenton.	Jos. R. Sweeny, <i>Ass't C.</i>	
N. Y....	First Nat. Bank, Auburn.	M. F. Backus, <i>Pr.</i>	W. E. Hughitt.
"		W. E. Hughitt, <i>V. Pr.</i>	M. F. Backus.
"	Canastota Nat. B'k, Canastota.	J. C. Rasbach, <i>Cas.</i>	David H. Rasbach.
"	Cortland Sav. Bank, Cortland.	R. Holland Duell, <i>Pr.</i>	Frederick Hyde.
"	City Nat. Bank, Jamestown....	H. H. Gifford, <i>V. Pr.</i>	Willis Tew.
"	State of N. Y. Nat. Bank, Kingston.	C. P. Ridenour, <i>Pr.</i>	Elijah Du Bois.
"		Henry Abbey, <i>V. Pr.</i>	C. P. Ridenour.
"		Chas. W. Deyo, <i>Cas.</i>	F. A. Waters.
"	Huguenot Nat. Bank, New Paltz.	Jacob Deyo, <i>Act'g Cas.</i> ...	Chas. W. Deyo.
"	Nat. State Bank, Oneida.....	W. A. Stone, <i>V. Pr.</i>	R. S. Barr.
"	Westchester Co. N.B., Peekskill.	Cyrus Frost, <i>Pr.</i>	D. F. Clapp.
"	Nat. Bank of Potsdam, Potsdam.	Luke Usher, <i>Pr.</i>	Bloomfield Usher.
"		Wm. Usher, <i>Cas.</i>	Luke Usher.
"	Fallkill Nat. B., Poughkeepsie.	Edward Elsworth, <i>V. P.</i> ..	H. D. Myers.
"	Mohawk National Bank, Schenectady.	Platt Potter, <i>Pr.</i>	Geo. G. Maxon.
"		G. Y. Van DeBogart, <i>V. P.</i> ..	Platt Potter.
"		J. G. L. Ackerman, <i>A. C.</i>	
"	Wyoming Co. Nat. Bank, Warsaw.	S. D. Lewis, <i>V. Pr.</i>	
"		F. J. Humphrey, <i>Cas.</i>	L. H. Humphrey.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. C....	First Nat. Bank, Asheville.....	Geo. W. Fletcher, <i>V. P.</i>	T. J. Van Gilder.
OHIO...	Second Nat. Bank, Bucyrus.....	E. Blair, <i>V. P.</i>	L. B. Harris.
"	Queen City Nat. B. Cincinnati.	J. M. Kirtley, <i>P.</i>	John Cochnower.
"	First National Bank, Jackson..	Moses Sternberger, <i>V. Pr.</i>	J. D. Clare.
"	First National Bank, Leetonia. }	Chas. N. Schmick, <i>Pr.</i>	Wm. Schmick.*
"	Merchants National Bank, Middletown. }	John Leavitt, <i>V. Pr.</i>	Chas. N. Schmick.
"	Knox Nat. Bank, Mt. Vernon.	E. W. Gunckel, <i>Cas.</i>	G. F. Stevens.
"	Painesville Nat. Bank, Painesville. }	G. F. Stevens, <i>Ass't Cas.</i>	
"	Third Nat. Bank, Sandusky.....	C. Cooper, <i>V. P.</i>	J. N. Burr.
ORE...	First Nat. Bank, Baker City.....	C. O. Child, <i>P.</i>	I. P. Axtell.*
"	La Grande Nat. Bank, La Grande. }	S. Burrige, <i>V. P.</i>	Geo. H. Ford.
"	First National Bank, Pendleton.	R. E. Schuck, <i>V. P.</i>	Geo. J. Anderson.
"	Commercial N. B., Portland...	Thos. W. Downing, <i>A. C.</i>	
"	Oregon Nat. Bank, Portland...	M. Baker, <i>P.</i>	M. F. Honan.
PENN...	First National Bank, Bedford.	H. Anson, <i>V. P.</i>	M. Baker.
"	First National Bank, Hanover }	C. B. Wade, <i>Ass't Cas.</i>	T. W. Downing.
"	Hummelstown N. B., Humm'n.	Frank DeKum, <i>P.</i>	D. P. Thompson.
"	First Nat. Bank, Indiana.....	Geo. B. Markle, Jr. <i>V. P.</i>	
"	Merchants National Bank, Meadville. }	Oscar Doty, <i>Ass't Cas.</i>	
"	B'k of America, Philadelphia.	Vincent O. Bold, <i>Pr.</i>	H. M. Schmuck.
"	Peoples National Bank, Pittsburgh. }	Geo. D. Gitt, <i>V. Pr.</i>	
"	Union National Bank, Pittsburgh. }	Jacob Shope, <i>V. P.</i>	
"	First National Bank, Scranton.	A. M. Stewart, <i>P.</i>	A. W. Kimmell.
S. C....	Simond Nat. Bank, Sumter....	James E. McFarland, <i>Pr.</i>	Alexander Power.
TENN...	Farm. and Merc. N. B., Clarksville.	Alexander Power, <i>V. Pr.</i>	
"	Second Nat. Bank, Columbia.	W. S. McGunegle, <i>Cas.</i>	Jas. E. McFarland.
"	First National Bank, Jackson. }	Jas. S. Dungan, <i>Cas.</i>	
"	State National Bank, Austin. }	R. C. Gray, <i>P.</i>	Barclay Preston.
"	First National Bank, Denton...	W. Dwight Bell, <i>Ass't C.</i>	
"	First National Bank, Lampasas. }	Robt. S. Smith, <i>Pr.</i>	John R. McCune*.
"	Collin Co. Nat. B'k, McKinney.	Chas. F. Dean, <i>Cas.</i>	Robt. S. Smith.
"	First National Bank, Montague.	Geo. M. Paden, <i>Ass't C.</i>	Chas. F. Dean.
"	Lockwood N. B., San Antonio..	E. W. Weston, <i>P.</i>	Joseph J. Albright.
"	First Nat. Bank, San Marcos...	G. L. Dickson, <i>V. P.</i>	J. C. Platt.
"	First National Bank, Terrell..	A. White, Jr. <i>Cas.</i>	Jas. M. Carson.
VA.....	N. B. of Fredericksburg, Fred'g.	C. F. Young, <i>Pr.</i>	Jas. H. Smith.
"	First Nat. Bank, Harrisonburg.	F. J. Ewing, <i>Pr.</i>	R. A. Ogilvie.
"	Commercial B'k, Harrisonburg.	J. W. Vanden, <i>V. Pr.</i>	H. E. Jackson.
"	Home Savings Bank, Norfolk. }	S. M. White, <i>Cas.</i>	Wm. A. Caldwell.
"	City B. of Richmond, Richmond.	Wm. A. Caldwell, <i>A. Cas.</i>	S. M. White.
"	Farmers National Bank, Salem. }	Louis Hancock, <i>V. Pr.</i>	Wm. W. Bissell.
WASH...	Traders Nat. B., Spokane Falls.	John G. Palm, <i>Cas.</i>	Louis Hancock.
WYO...	Stock Growers N. B'k Cheyenne.	G. P. Burke, <i>Ass't Cas.</i>	John G. Palm.
"	Albany Co. Nat. Bank, Laramie City. }	C. T. Ramsdell, <i>Ass't C.</i>	
"	Standard B. of Can., Brighton.	J. S. Letcher, <i>P.</i>	F. R. Malone.
"	Standard B. of Can., Harrison.	J. M. Malone, <i>V. P.</i>	
"	Federal B. of Can., Toronto...	T. C. Goodner, <i>Ass't C.</i>	L. A. Foote.
		James A. Bivens, <i>A. Cas.</i>	Wm. C. Turner.
		Ben T. Cable, <i>V. P.</i>	
		James G. Burleson, <i>A. C.</i>	
		J. T. Conway, <i>V. Pr.</i>	
		Chas. Wallace, <i>Pr.</i>	Jacob Tome.
		Philo Bradley, <i>Pr.</i>	J. Walton.
		J. J. Hawse, <i>Cas.</i>	Chas. D. Beard.
		Geo S. Oldfield, <i>P.</i>	Geo. E. Bowden.
		H. B. Nichols, <i>V. P.</i>	Geo. S. Oldfield.
		Wm. H. Palmer, <i>P.</i>	Edward Cohen.*
		Jas. Chalmers, <i>P.</i>	S. F. Simmons.
		F. H. Chalmers, <i>Cas.</i>	Jas. Chalmers.
		H. L. Richardson, <i>A. C.</i>	
		Andrew Gilchrist, <i>V. Pr.</i>	W. C. Lane.
		S. S. Graham, <i>P.</i>	Ora Haley.
		M. N. Grant, <i>V. P.</i>	J. J. Strode.
		W. C. Boddy, <i>Act'g Ag't.</i>	Jas. E. Gray.
		Jas. E. Gray, <i>Ag't.</i>	W. T. Shannon.
		H. C. Hammond, <i>P.</i>	S. Nordheimer.

* Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from February No., page 646.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondents.</i>
ALA....	Bessemer.....	Berney Bros.	National Bank of the Republic.
	\$50,000		T. J. Cornwell, <i>Cas.</i>
CAL....	Oakdale.....	Bank of Oakdale.....	.....
	\$150,000	J. Haslach, <i>Pr.</i>	Louis Kahn, <i>Cas.</i>
• ..	Santa Monica..	First National Bank.....	.....
	\$50,000	Geo. N. Bonebrake, <i>Pr.</i>	Edwin J. Vawter, <i>Cas.</i>
COL....	Brighton.....	Bank of Brighton.....	Chase National Bank.
		(Carmichael & Kidder)	Willard C. Kidder, <i>Cas.</i>
ILL....	Lake.....	Nat. Live St'k B. of Chicago	.....
	\$600,000	John B. Sherman, <i>Pr.</i>	Frank S. Washburn, <i>Cas.</i>
IND....	Frankton.....	C. Quick & Co.	Chase National Bank.
		C. Quick, <i>Pr.</i>	Geo. F. Quick, <i>Cas.</i>
• ..	Washington...	Peoples National Bank..	National Park Bank.
	\$50,000	Hugh Barr, <i>Pr.</i>	Richard C. Davis, <i>Cas.</i>
IOWA...	Gladbrook....	Tama County Bank.....	American Exchange Nat. Bank.
		(Blossom & Hughes)	Chas. A. Blossom, <i>Cas.</i>
• ..	Greene.....	First State Bank.....	National Park Bank.
	\$25,000	Jeremiah Perrin, <i>Pr.</i>	Moulton Hartness, <i>Cas.</i>
		Andrew Glodery, <i>V. Pr.</i>	O. C. Perrin, <i>Ass't Cas.</i>
• ..	Sheldon.....	First National Bank.....	.....
	\$50,000	Geo. W. Schee, <i>Pr.</i>	Chas. S. McLawry, <i>Cas.</i>
KAN..	Argentine.....	Argentine Bank.....	United States National Bank.
		(McAlpine, Little & Taylor)	G. A. Taylor, <i>Cas.</i>
• ..	Grainfield.....	Bank of Grainfield.....	Third National Bank.
	\$25,000	C. H. Dow, <i>Pr.</i>	W. F. Morrison, <i>Cas.</i>
		G. W. Sheldon, <i>V. Pr.</i>	S. B. McClurken, <i>Ass't Cas.</i>
• ..	Leoti.....	First National Bank.....	.....
	\$50,000	Geo. C. Hardesty, <i>Pr.</i>	T. W. Pelham, <i>Cas.</i>
• ..	Lincolnvile.....	Bank of Lincolnvile....	United States National Bank.
		(Kollock, Crane & West brook)	Willard V. Church, <i>Cas.</i>
• ..	Norcatun.....	Loan & Trust Bank.....	.....
	\$10,000	(J. R. Aggson)	Freman Doyle, <i>Cas.</i>
KY. .	Pleasureville ..	Deposit Bank.....	United States National Bank.
	\$20,000	Albert Bergen, <i>Pr.</i>	Frank E. Smith, <i>Cas.</i>
		J. W. Clemmons, <i>V. Pr.</i>	.....
MASS...	Springfield.	Cordley & Co.	John H. Davis & Co.
		Henry H. Skinner, <i>M'gr.</i>	.....
MINN ..	Little Falls.....	Bank of Little Falls.....	American Exchange Nat. Bank.
	\$50,000	Andrew D. Davidson, <i>Pr.</i>	Alexander R. Davidson, <i>Cas.</i>
		Wm. Davidson, <i>V. Pr.</i>	.....
• ..	Minneapolis....	Farmers & Merchants B.	American Exchange Nat. Bank.
	\$25,000	Morton F. Scofield, <i>Pr.</i>	Robt. T. Lang, <i>Cas.</i>
		Geo. L. Matcham, <i>V. Pr.</i>	John Thomburg, <i>Ass't Cas.</i>
MO....	Joplin.....	First National Bank.....	.....
	\$100,000	Chas. Schifferdecker, <i>Pr.</i>	John A. Cragin, <i>Cas.</i>
• ..	Springfield.....	Greene County Bank.....	Importers & Traders Nat. Bank.
	\$100,000	E. T. Robberson, <i>Pr.</i>	E. H. Grabill, <i>Cas.</i>
		J. T. Keet, <i>V. Pr.</i>	.....
NHB ...	Alliance.....	Bank of Alliance.....	Kountze Bros.
	\$60,000	Frank M. Sands, <i>Pr.</i>	Henry C. Hashoff, <i>Cas.</i>
		F. M. Knight, <i>V. Pr.</i>	.....
• ..	Central City...	Central City Bank.....	Chemical National Bank.
	\$50,000	Nathan Merriam, <i>Pr.</i>	Frank M. Persinger, <i>Cas.</i>
• ..	Harrison.....	Bank of Harrison.....	Kountze Bros.
	\$5,000	Joseph G. Armstrong, <i>Pr.</i>	Sleightholme Barker, <i>Cas.</i>
• ..	Stockham.....	Bank of Stockham.....	.....
		Geo. W. Post, <i>Pr.</i>	Isaiah D. Evans, <i>Cas.</i>

<i>State, Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N.Y.... Jamestown....	Jamestown Nat. Bank..	
	\$100,000 Chas. M. Dow, <i>Pr.</i>	Mason M. Skiff, <i>Cas.</i>
" .. Perry.....	Citizens Bank.....	Mercantile National Bank.
	\$35,000 Milo H. Olin, <i>Pr.</i>	Clarence M. Smith, <i>Cas.</i>
	Geo. Tomlinson, <i>V. Pr.</i>	
PENN... Philadelphia....	The Finance Co. of Penn.	
	Wharton Parker, <i>Pr.</i>	Russell S. Hubbard, <i>Sec.</i>
	C. Tower Jr., <i>V. Pr.</i>	
VA.... Gordonsville ...	Piedmont Bank.....	Hanover National Bank.
	A. R. Rosenberger, <i>Pr.</i>	Chas. F. Myers, <i>Cas.</i>
Wis.... Antigo.....	Bank of Antigo.....	American Exchange Nat. Bank.
	\$25,000 Albert Solliday, <i>Pr.</i>	Amos Baum, <i>Cas.</i>
	E. N. Mellor, <i>V. Pr.</i>	
ONT.... Durham.....	Standard B. of Canada..	John Kelly, <i>A'gt</i>
" .. Toronto.....	(East Toronto Branch)	Canadian Bank of Commerce.
		Albert Bradley, <i>M'gr.</i>

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from February No., page 646.)

NEW YORK CITY....	Seventh Ward National Bank, now Seventh National Bank.
COL.... Canon City ...	Exchange Bank, reported assigned.
ILL.... Athens	Kincaid & Scott, succeeded by Lee Kincaid.
" .. Staunton	Staunton Bank (Eichberg, Friedman & Co.), now S. A. Friedman & Co., proprietors.
IND.... Franklin.....	National Bank of Franklin, has gone into voluntary liquidation.
IOWA .. Gladbrook.....	Bank of Gladbrook, succeeded by Tama County Bank.
" .. Hampton.....	First National Bank, has gone into voluntary liquidation.
KAN ... Fredonia.....	Fredonia Bank, now First National Bank.
" .. Grainfield	First B'k of Grainfield, succeeded by Bank of Grainfield.
" .. Greenburg.....	First National Bank, has gone into voluntary liquidation.
" .. Macksville	First Bank of Macksville, has been incorporated.
MO.... Springfield.....	Greene County National Bank, has expired by limitation, and succeeded by Greene County Bank; same officers.
" .. St Louis.....	Bremen Savings Bank, now Bremen Bank, same officers.
NEB.... Central City...	First National Bank, succeeded by Central City Bank.
N. Y.... Auburn.....	First National Bank, is insolvent, and has been placed in the hands of a receiver.
OHIO... Cincinnati.....	Metropolitan National Bank, is insolvent and has been placed in the hands of a receiver.
TEXAS.. Kaufman.....	Nash & Carlisle, succeeded by First National Bank.
WASH.. Chehalis.....	Coffman & Allen, succeeded by Noah B. Coffman, same corr.
" .. Cheney.....	Bank of Cheney (Percival & Andrus), now D. F. Percival & Co. proprietors.
ONT ... Toronto.....	Federal Bank of Canada, has gone into voluntary liquidation.

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3841	First National Bank.....	Chas. Schifferdecker, Joplin, Mo.	John A. Cragin, \$100,000
3842	People's National Bank.....	Hugh Barr, Washington, Ind.	Richard C. Davis, 50,000
3843	First National Bank.....	W. Warrick, Glassboro, N. J.	Albert S. Emmel, 50,000
3844	First National Bank.....	Geo. C. Hardesty, Leoti, Kan.	T. W. Pelham, 50,000
3845	First National Bank.....	Geo. N. Bonebrake, Santa Monica, Cal.	Edwin J. Vawter, 50,000
3846	Jamestown National Bank....	Chas. M. Dow, Jamestown, N. Y.	Mason M. Skiff, 100,000
3847	Nat. Live Stock B. of Chicago..	John B. Sherman, Lake, Ill.	Frank S. Washburn, 600,000
3848	First National Bank.....	Geo. W. Schee, Sheldon, Iowa.	Chas. S. McLawry, 50,000
3849	Douglas County Nat. Bank....	Justin D. Bowersock, Lawrence, Kan.	Hiram C. Vaughan, 100,000

DEATHS.

AXTELL.—On January 8, aged sixty-eight years, I. P. AXTELL, President of Painesville National Bank, Painesville, O.

BOSWELL.—On February 14, aged fifty-eight years, W. D. BOSWELL, President of Northern Bank of Ky., Lexington, Ky.

BOYNTON.—On January 12, aged eighty years, GORHAM L. BOYNTON, President of Penobscot Savings Bank, Bangor, Me.

BURKAM.—On February 13 (in New York City), aged seventy-three years, ELZEY G. BURKAM, formerly President of Lawrenceburgh National Bank, Lawrenceburgh, Ind.

CORCORAN.—On February 24, aged ninety years, W. W. CORCORAN, Washington, D. C.

MOTT.—On January 22, aged eighty-three years, RICHARD MOTT, President of Toledo Savings Bank, Toledo, O.

WEISS.—On February 14, aged sixty-nine years, FRANCIS WEISS, President of Lehigh Valley National Bank, Bethlehem, Penn.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, FEBRUARY, 1888.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in February.						
GOVERNMENTS.		Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.
4½s, 1891.... reg.	Quarterly	Mar.	106½	106½	105½	106½
4s, 1891..... coup.		Jan	126½	126½	125½	125½
4s, 1897..... reg.		Jan	126½	126½	125½	125½
4s, 1897..... coup.		Feb.	126½	126½	125½	125½
6s, cur'cy, 1895, reg.	Quarterly	Jan.	120	120	120	120
6s, cur'cy, 1896, reg.		Jan.	122	122	122	122
6s, cur'cy, 1897, reg.		Jan.	124	124	124	124
6s, cur'cy, 1898, reg.		July.	126	127	126	126
6s, cur'cy, 1899, reg.		Jan.	128	130	128	128
RAILROAD STOCKS						
		Open- ing.	High- est.	Low- est.	Clos- ing.	
Atlantic & Pacific.....		—	10½	9½	10½	
Buff. R. & Pitts.....		—	58½	55½	56½	
Canad. Pacific.....		57	58½	57	58½	
Canada Southern.....		54½	54½	53	53	
Central of N. J.....		79½	81½	77½	81½	
Central Pacific.....		30½	31½	29	29½	
Ches. & Ohio.....		5	5½	3½	5	
Do	1st pref	—	10	4½	—	
Chic. & Alton.....		—	140	140	—	
Do		—	128½	124	124½	
Chic. B. & Q.....		128½	128½	124	124½	
Chic. M. & St. P.....		76½	78	74½	77½	
Chic. Mo.....		115½	115½	114½	115½	
Chic. & N. W.....		120	120½	116½	116½	
Do		145½	145½	143	143	
Chic. R. I. & P.....		114	114	111½	111½	
Chic. St. L. & P.....		—	—	—	—	
Chic. St. P. M. & O.....		39½	37	37	37	
Chic. Do		—	40	36½	36½	
C. C. & I.....		52½	53½	50	50	
C. Col. Coal & Iron.....		37½	38½	36½	37½	
RAILROAD STOCKS.						
		Open- ing.	High- est.	Low- est.	Clos- ing.	
Col. H. Valley & Tol.....		27½	28½	27	28½	
Col. & H. C. & L.....		111	111½	108	108½	
Del. & Hudson.....		132½	132½	129	129½	
Den. & Rio Grande.....		10½	10½	9½	9½	
Do		53½	53½	49½	49½	
East Tenn. V. & G.....		65	65	60½	60½	
Do	1st pref.	—	23½	21½	—	
Fort Worth & Den.....		44½	45½	42	43½	
Houston & Texas C.....		121½	121½	116	116	
Illinois Central.....		46½	46½	44½	45½	
Indiana, Bloom. & Western		93½	93½	90½	91½	
Lake Erie & Western.....		50½	50½	48½	49½	
Do		—	—	—	—	
Lake Shore.....		89½	91½	86½	90½	
Long Island.....		91	91	86	86½	
Louisville and Nashville.....		61½	61½	56½	57½	
Louisville, N. Alb. & Chic.....		—	—	—	—	
Manhattan Consol.....		89½	93½	86½	90½	
Marq. H. & O.....		—	18	18	—	
Do		—	91	86	91	
Memphis & Charleston.....		53	57	53	53	
Michigan Central.....		—	83	81	—	
Mil. L. S. & W.....		—	76	65	—	
Do		—	101	97	—	
Do	1st pref	—	—	—	—	
Min. & St. Louis.....		—	7	6½	6½	
Mo., Kan. & Texas.....		16½	17	14	14½	
Missouri Pacific.....		85½	86	83½	84½	
Naah. C. & St. L.....		107½	107½	106½	107½	
N. Y. C. & Hudson.....		—	17½	16	16½	
N. Y. C. & St. L.....		—	70	67	67	
N. Y. L. E. & W.....		27½	27½	25	26	
Do		62½	62½	57	58½	
N. Y. & New Eng.....		37½	38½	36½	37½	
N. Y. Ont. & W.....		—	17½	16½	16½	
N. Y. Sus. & W.....		—	9	8½	8½	
Do		—	32½	30½	30½	
Do		—	—	—	—	
MISCELLANEOUS.						
		Open- ing.	High- est.	Low- est.	Clos- ing.	
Norfolk & Western.....		—	18½	16½	16½	
Do	pref.	—	46½	46½	44½	
Northern Pacific.....		45½	45½	43½	43½	
Do		24½	24½	22½	22½	
Ohio & Mississippi.....		—	—	—	—	
Ohio Southern.....		50½	50½	49½	49½	
Oregon Imp't.....		94½	94½	93	93	
Oregon R. & N.....		17½	17½	16½	16½	
Oregon Short Line.....		22	22	20½	21	
Oregon & Trans-Con.....		35½	35½	34½	34½	
Pacific Mail.....		66½	66½	67½	67½	
Peoria, Decatur & Evansville		142	142	143½	143½	
Philadelphia & Reading.....		—	—	—	—	
Phillman Palace Car Co.....		22½	22½	21½	21½	
Rich. & W. P. Term.....		—	—	—	—	
Richmond & Allegheny.....		—	—	—	—	
Rome, W. & Ogd.....		—	—	—	—	
St. Louis, A. & T. H.....		—	—	—	—	
Do	pref.	—	—	—	—	
St. Louis & San Francisco.....		73	73½	70½	71	
Do	1st pref.	—	112½	112½	—	
St. Paul & Duluth.....		—	59	55	—	
Do		—	104	100½	100½	
St. Paul, M. & M.....		—	113½	109	—	
Southern Pacific Co.....		39½	39½	38½	38½	
Tenn. Coal & Iron.....		26½	26½	24½	25½	
Union Pacific.....		50½	50½	54	55½	
Virginia Midland.....		15	15	13½	13½	
Wabash, St. Louis & Pacific		—	—	—	—	
Do	pref.	—	27	24½	24½	
MISCELLANEOUS—						
Express—Adams.....		145	145	142	142	
American.....		108	108	107	107	
United States.....		73½	73½	71½	73	
Wells-Fargo.....		132	132	130	131½	
Western Union.....		78½	78½	77½	78½	
Silver Bullion Cert.....		—	—	—	—	

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THE FORMATION OF TRUSTS.

A curious revolution is going on in the industrial world, especially in our country, and to less extent in Germany. Profits in manufacturing many things have fallen to so low a point that the individuals or companies engaged in the same unremunerative industry have concluded that more can be made by uniting and acting as a single organization than can be made by separate action and competition. This union of industrial organizations is not regarded with favor by the public. Had only one or two industries followed in the wake of the Standard Oil Trust, the progenitor of these later combinations, perhaps public interest would not have been awakened; but the movement has become general, and it is quite impossible to forecast the end. It may continue not only until all the various industries of the same kind are united, but until these in turn unite, forming a single industrial unit. As the number of industrial organizations diminishes through union or destruction, of course, the forming of the remainder into one becomes easier. Possibly this may be the outcome of the present movement—a union which shall embrace all.

Concerning the legality of these combinations under the existing law, not much, it seems to us, can be said. Consider the sugar trust, for example. Suppose an individual should have purchased all of the sugar refineries in the United States, or a joint-stock company, existing under the law of the State, should have done so, would anyone question the legality of such an operation? The

Western Union Telegraph Company controls the telegraph business throughout the country, yet no one has ever questioned the legality of that company, or its mode of conducting business. This example will suffice. How is the principle above mentioned in the least changed by the union of individuals and organizations into a company, whatever be its name? The company is a unit; it has a legal status; it is just as well qualified to conduct business, to make contracts, to respond in damages for their non-fulfillment, as any other company, or an individual. Therefore, we repeat, the legality of trust organizations, as the law now exists, can hardly be questioned. Whether the law should not be changed so as to subject such companies to investigation and to State discipline is a distinct question, which we shall consider in another place.

What is the genesis of these trust organizations? It is said by their defenders that competition had become excessive and profits were reduced to a minimum; and, indeed, in some cases, had wholly disappeared. Bankruptcy was staring more than one of these industries in the face; and a union of their interests seemed the only door of escape. This defense no doubt contains a large element of truth; but probably the success which has attended the earlier trust organizations has excited others to follow their example, which cannot enter so good a plea for their conduct. What gave rise to this fierce competition, which has thus ended by combining, is a question concerning which a word may be said in passing. It is strenuously asserted that our protective tariff is at the bottom of the mischief. It is said that this has operated to render profits excessive, or, at least, beyond the average profits earned in business, and, consequently, individuals have been led to embark in the protected industries to an excessive degree. The desire, therefore, to make money has resulted in the building of too many factories, which, in turn, have given rise to undue competition and meager profits. But, on the other hand, this same state of things may be seen in other countries where the principle of protection is not recognized. In England, for example, there has been much complaint of small profits, particularly among the larger concerns engaged in iron and steel production. Perhaps they have suffered less from excessive competition than the manufacturers in the United States; nevertheless, the complaint of small profits has been very general in the leading industrial countries of the world. It cannot be confined to our country alone.

We do not suppose that the public fear that the trust companies will do anything particularly wicked, except in the way of advancing prices to an unreasonable figure. In other words, if the public could be assured that they would be satisfied with reasonable profits, the public would not care a fig whether these were enjoyed

by one company or divided among a large number of producers. Certainly, the history of the Standard Oil Company confirms this view. For years the newspapers have described the atrocities perpetrated by this company; and yet they have never been able to excite enough interest among the public to lead to any very serious action. What is the reason? The answer is twofold. First, the company has sold an honest product; and, second, at a reasonable figure. If individuals have suffered through the action of the Standard Oil Company, they have been those who attempted to compete with it in the production, refining, and sale of oil, and not the consumers. The consumers, therefore, have been quite content all the while, because they have purchased the product cheaply, and were assured of its quality. Hence no investigation has ever been demanded by the public. From time to time something of the kind has been started, but usually for a State purpose, like that of collecting a larger tax, or for the benefit of rival producers. We think, then, that the history of this company in dealing with the people shows clearly enough that so long as they are honestly served, and at reasonable figures, they do not care very much about the sufferings of others who would like to engage in the business of production. In other words, consumers are simply looking out for themselves, and so long as they fare well, they do not keep awake nights thinking of the sufferings and woes of the rest of mankind.

Whether, therefore, these trust companies shall prove to be bad or good, turns wholly on the question of their policy toward the public. Will they use their position to extort the last possible cent from the consumer; or will they use the power which combined capital and skill shall give to them to sell their products at reasonable prices, and to prevent other rivals from entering the field, thus leaving themselves masters of the situation? If they pursue the policy of simply trying to get a fair price for their product, and of barring out competitors, the public, probably, will not seriously interfere with them. If, on the other hand, they should seek to extort the largest profits possible, as well as to shut out competitors, then it is highly probable that the public would deal with them speedily, and in no gentle manner.

The important inquiry, therefore, is, What will be the probable course of these trust companies? What the course of the Standard Oil Trust has been we all know; but the history of another trust, which was created a few years ago in Massachusetts, is instructive.

In the spring of 1881 the tack manufacturers of the country, finding their business not so profitable as they wished, met and formed the Central Manufacturers' Company. It consisted at first of the owners of about fifteen tack factories, most of which were

situated in New England. It gradually absorbed other factories, until the whole number reached about forty, some of which were as far west as Illinois. The company was incorporated under the laws of Massachusetts, and this is the only important respect in which it differed from the associations now so well known under the name of trusts.

It bought the stock on hand of the factories and leased their plant for three years, with the privilege of renewal. Then it fixed prices to suit itself, hired such laborers as it needed, but at good wages always, employed the owner of the factory to manage it, required him to give a strict account each morning of the previous day's sales, and paid him his lease money and his dividends as they accrued.

The company had a capital of about \$1,000,000, and as long as the shareholders were satisfied with a net ten or twelve per cent. profit per annum in addition to the lease money which the company paid them as owners of the factories, the business flourished. But not content with so small a return upon their investment, the directors, against the better judgment of many members of the company, continued to advance the price of tacks till their annual dividends amounted to more than twenty per cent. on the investment. This furnished too great a temptation for outsiders to withstand, and was the fatal mistake of the company. The Pin Manufacturers' Trust had come to grief through the same mistake just a short while before, but this did not serve as a sufficient warning to the makers of tacks. A tack machine is not an expensive plant, one of the best costing only about \$300. Accordingly, when the making of tacks began to insure a return of over twenty-five per cent. on the outlay, a great many tack factories promptly sprang into existence all over the country, many common laborers even leaving the old factories and establishing small ones with one or two machines in their own houses.

The Central Manufacturers' Company tried manfully to stem the current by buying out its small rivals and absorbing the larger ones but this was a task that grew larger always by the mere effort to accomplish it, and finally the company abandoned its efforts in this direction, refused to renew its leases at their expiration, and was resolved into its original elements early in the spring of 1886.

The probability is that some of these trust companies will pursue the excessively greedy policy, and some the other. Now, two or three things clearly appear in looking at these combinations. The first is, if profits be great, new competitors will arise. Of course, the existing companies will endeavor to destroy competition, and with the capital and skill at their command the danger is that too often they will be successful in their pur-

pose. But the history of the Nail Trust, just described, shows how speedily that combination failed, and it is doubtless true that many of the trusts now formed, though much stronger when fully cemented, than any member formerly was, will not be strong enough to withstand outside competition. If the profits be very large, the temptation to engage in the same kinds of production outside these trusts will be great; and, judging from past experience, it is quite likely that they, one after another, will be destroyed. The only possible hope for them is to pursue a reasonable policy. Any other is likely to meet with early failure. A few days ago, at the meeting of the stockholders of a Cornish tin mine, Arthur Strauss, commonly known as the Tin King, made a speech on this subject, bearing especially on the combination that has been formed among the producers of tin. He declared that the quantity of tin that had come from the Straits was much larger than ever before. Instead of ten thousand tons in the past seven months, which was the supply the year before, eighteen thousand tons had been received. The enormous increase was due to the stimulus of the inflated price. On the other hand, there had been a decrease in the consumption of tin of more than twenty per cent., and the sales were slow and unsatisfactory. With the increase of tin by outside producers on the one hand, and a smaller demand from consumers on the other, it was very evident to him that the tin combination had a short life before it; and after it ceased to exist, the condition of the tin producers would be far worse than it was before. The fate outlined by this experienced man for the tin combination will probably overtake many the combinations which have been recently formed in this country.

The more rationally managed are likely to survive, and thus the principle will appear in stronger light than ever, that, to conduct business with permanent success, only a fair profit must be sought. Excessive competition ends in monopoly, and monopoly, unless conducted with the desire of getting only a fair profit, is overthrown by excessive competition; no permanence, therefore, can ever be attained in business until the principle of a fair and reasonable profit is adopted.

Another side to this subject must be seen in order to form a better judgment of the character of these combinations. If the price of sugar, tin, copper, envelopes, and all other trust-regulated products is increased, labor will make new demands. So, too, will those who sell the raw products, and in a few months the prices of all things will be advanced to a higher level. This must come, for the simple reason that no man can afford to go beyond a certain price for a new thing. If more is asked

than he has means to give, he must go without. To raise the price of sugar without increasing the price of labor, means a diminution of consumption, which, in turn, would cause a reduction in profits, and so the object of the trust would come to naught. Then, perhaps, the combination would become more concentrated. But from any point of view at which this subject can be looked, combinations which look at a permanent increase of price, or beyond those which the masses can afford to pay, must inevitably fail in their purpose. In other words, prices which shall affect the quantity of consumption will diminish profits, and result in the very condition of things which trusts have been created to remedy. Thus they contain the seeds of their own destruction, which will surely grow and bear their fatal fruit wherever the policy of excessive greed shall control.

One more question remains for consideration. Shall the State interfere? It is worth remarking how quickly the aggregation of capital into large masses, so close to our eyes, has alarmed everybody. It is the power of this capital which alarms. Persons say that the Standard Oil Company has done this or that; so have the railroad companies, with the huge capital they have at their command, controlling the legislation of the country, and affecting, largely, the prices of products. So it is thought that if the capital and skill of the various industries are thus concentrated, the public will surely suffer. Consequently many cry for public intervention; and yet for a hundred years or more the American consumer has been confronted with just such aggregations of capital on the other side of the sea. This has been one of the strong arguments for the protective tariff, though, of course, its force has become weakened, if not quite gone, by the aggregation of so much capital at home. Nevertheless, for years these aggregations existed abroad, and in a more condensed form even than they exist in our country to-day; and its power, too, could be used to an extent not yet realized by the American capitalist. But now the power of this capital has become so perceptible that in all quarters is heard the demand for some kind of State control. A bill has been introduced into the New York Legislature of that nature. It is quite true that everything in the way of a legal organization must conduct itself as the State shall prescribe; and hence it is quite competent for the State to make regulations for the management of trust companies. The State may require them to make returns, and also limit the amount of capital they shall possess. Possibly, the State might go to the length of fixing the rates at which they should sell their products; but the expediency of doing these things, even if the power exists, may be questioned. Will not

the earth-born desire to make money, both inside and outside the trust companies, compass their own destruction? And if this does not accomplish that end, will not those who are not directly interested in maintaining them get even, sooner or later, by advancing wages and products of all kinds on which the trusts must depend?

It may be noted, too, that one of the first things done by the trusts was to close unnecessary factories. They keep enough going to supply the market. If they should seek to get a fair return on the capital invested in these which are now in operation, the public would not have very much cause to complain; but if they should seek to get more than that, the excess would prove at once that they had improved their situation to bleed the public profusely. As soon as the business has thus become concentrated, the most economical methods are introduced in production. Had this been the case before the union of the various companies, there would have been no reason for the movement. These trusts, therefore, clearly bring into sight the extent to which their business has been overdone, and the wastefulness of competition. Whatever faults and dangers may attend monopolies, the cost and loss of competition may be measured in the present movement. Proudhon once uttered the paradox, that competition ended in monopoly, and the present illustration of the truth is not pleasant to contemplate. A more complete failure of the competition panacea, which so many economists have been administering with unbounded faith in unlimited quantities, the world has never seen.

A REVIEW OF FINANCE AND BUSINESS.

THE MARCH BLIZZARD AND ITS EFFECTS.

The month of March, 1888, has broken even its own record. It not only came in like a "lion," but was a "roaring lion" throughout, and refused to depart at the approach of April showers. There has been no spring so far this year, and, indeed, very little winter for any branch of business, except the snow shoveler's brigade, which never reaped such an abundant harvest in springtime before. The old fashion of "six weeks' sleighing in March," has been outdone by six weeks' interruption, and, more or less, complete blockade of all kinds of transportation, by all kinds of vehicle, throughout the country east of the Rocky Mountains, and, in fact, by water as well as land. Never, in the memory of "the oldest inhabitant," has anything like it been known, and, strange to say, no one has yet been found with the hardihood to remark that "this reminds me of 18—so and so."

We now recall these conditions to impress upon the mind the seriousness of the weather blockade of the past month, and to refresh the memory of business men, which is proverbially short, with the fact that similar weather conditions have prevailed through a large portion of the country since the beginning of the new year.

A THREE MONTHS' EMBARGO ON TRADE.

Such a complete, protracted, and general embargo upon transportation is certainly not in the memory of the present generation, and its effect upon trade cannot but be serious. To cut off all communication by telegraph, and railroad, and mail for days together, gave us a taste of what the world of to-day would be without those modern agents of commerce, steam and electricity. But to stop even the ancient means of communication by team, or even by snow shoes, until the metropolis of the New World was on the verge of a famine of food and fuel, is not in the memory of a New Yorker, to say the least. When even the absolute necessities of life could not be moved, and have now only resumed their normal supply and demand, after three weeks have lapsed, a faint idea may be formed of the extent to which business has been injured. In fact, the best of the first three months of the year has been lost.

DECREASED RAILROAD EARNINGS AND THE STOCK MARKET.

Nowhere is the effect of these conditions more plainly seen than in the serious and general decrease in the earnings of every railroad system in the country. Nor is the effect of the March blizzard yet seen, for the completed returns received are chiefly those

of January and February. What, then, will those of March exhibit, when the cutting of rates, and the strike on the C. B. & Q. road and its tributaries, are added? The result has been anticipated in the stock market, where this state of affairs has proved the last straw on the speculative camel's back, as we predicted. The pools that have been lugging the floating stock on the street, through the weary months of the past year, or since they put them up, for the public to come in and take them off their hands, and the public did not, have been compelled to give way under the increasing tendency of Europe—which has been the only buyer of our railroad stocks the past year—to stop buying, and to turn seller. This latter tendency has, indeed, been averted for a time by the unexpectedly peaceful feeling in Europe succeeding the death of the late German emperor. Yet this is only a negative support to a stock market which has been held by main strength against the course of events, until that strength began to fail and the pools to liquidate.

THE LIQUIDATION OF POOLS.

Of course, the bears have taken advantage of the occasion, when the pools should become tired or weak, for which they have been waiting months, and have raided the market down. But the slight, weak, and temporary resistance shown has proved the weakness of the pools. Even that in Reading, backed by the \$15,000,000 reorganization syndicate, which held that stock fictitiously high and firm as a rock through the coal miners' strike, has been compelled to let go too. In order to show how much shrinkage these pools have had to stand in the past year, before the dam gave way, we give a comparison of the prices of active stocks at the highest point, about the 1st of June, 1887, with those at the lowest, during the third week of March, 1888, as follows:

	<i>Highest in 1887.</i>	<i>Lowest week ending Mar. 24, 1888.</i>	<i>Decline in round numbers.</i>
Canada Southern.....	64½	49½	15
Chicago & Northwest.....	127½	105½	22
Central of New Jersey.....	86¼	77¼	9
Delaware & Hudson.....	105½	105½	none
Delaware, Lack. & Western.....	139½	126	13
Erie.....	35½	22¾	13
Lake Shore.....	98¾	88¾	10
Louisville & Nashville.....	70¼	52¼	18
Michigan Central.....	95½	77	18
Missouri Pacific.....	112	70¼	42
New York Central.....	114½	103¾	11
Norfolk & Western preferred.....	55½	42½	14
New England.....	66	29½	37
Northern Pacific preferred.....	63½	42½	21
Reading.....	*71¾	58¾	13
Pacific Mail.....	58¾	30¼	28
Richmond Terminal.....	†47½	20½	27
St. Paul.....	95	73½	22
Union Pacific.....	63¾	50¾	13
Western Union.....	*81¾	71¾	10

* November, 1887.

† February, 1887.

The range is from 10 to 42 per cent., averaging nearly 20 per cent.

WHY THE PUBLIC WILL NOT BUY STOCKS.

Yet the public still refuses to come back to Wall Street and buy stocks, notwithstanding this heavy decline, which once was certain to bring it in as buyers. "Why?" is now the earnest question asked on the Stock Exchange and in the offices of our railway managers. Jay Gould has given his opinion, since his return, that it is because of the high rates of commission charged by that Exchange. As he volunteered his opinion upon that subject, it is supposed that he is grieved over the refusal of the public to take his Missouri Pacific stock off his hands, during his absence from his native land, and hence these tears. The members of the Stock Exchange have resented this "most unkindest cut of all" from the man, of all others, who has the least cause to find fault with the institution, he, more than any other man, has controlled for the past quarter of a century, and whose career thereon has been most successful, as success is counted in Wall Street, although disastrous to everybody who has held his securities. Certainly, of all men he should be the last to complain. For, if the Stock Exchange rate of commission is too high, then the profits of railroad managers, who have employed its members to sell the public their securities at these high rates of commission, both of which the public have had to pay, are too high also.

WHO, THEN, ARE TO BLAME?

The answer to both questions is found in the decline of the active stocks quoted above. It will be noticed that the favorite Gould stock, Missouri Pacific, has suffered a 6 per cent. greater decline than any other stock upon the list, and 20 per cent. more than all, beside the Standard Oil stocks, namely, the New York and New England and the Richmond terminal, which have gone down 37 and 27 per cent. respectively, with Gould's Pacific Mail 28 per cent. Here is the key to the situation in Wall Street, and the unanswerable answer to why the public will not return and buy, and to who is to blame for its refusal. The "lamb" of Wall Street have disappeared, for the present, at least, and they will dance no more to Stock Exchange music, while its present shepherd does the piping, nor so long as the key is in G. In as plain English as can be printed in the figures above, the public says it will not come back to Wall Street while Mr. Gould controls it, and will not touch his stocks till he is out of them. It is useless for him to play, therefore, for the public has danced to his music too often and in too lively a manner, not to know, and to shun the place. Its last dance was to the Manhattan Waltz of

"200," which left New York and Brooklyn filled with wrecks at under 100. That was too quick time, to be played every day, and the public's memory is becoming lengthened, as its determination has become, at last, strengthened, to boycott, hereafter, everything with which Jay Gould has to do.

WHY EUROPE HAS NOT BEEN DRIVEN AWAY.

The reason Europe has not also been driven out of Wall Street, is that most of her Bourses have persistently and consistently refused to list, or to deal in any Gould stocks. But they have come to exercise such an overshadowing influence upon our stock market, and hence upon all American railroad securities, that the experience of the past month, with the Gould stocks leading the tumble in New York, will not need to be repeated many times more, before Europe will also be driven out of Wall Street to stay. Where, then, a market will be found for the Gould securities, whose name is legion, and whose amount is as the waters, rather than the sands upon the sea shore, is a problem he no doubt is trying to solve, and his kick at the Stock Exchange, for which he may have little further use, as professionals never buy to hold. Missouri Pacific is but one of his stocks that have started in the wake of Manhattan Elevated, Wabash, Kansas & Texas, Texas Pacific, Union Pacific, and so, on through an almost forgotten list, extending beyond Black Friday, back to the original Gould stock—old Erie.

THE FUTURE OF THE STOCK MARKET.

After it, are to come all the stocks and bonds of all the members of his vast Southwestern system, and their allied and leased lines and connections. After them will come his Union-Kansas-Denver-Pacific system and their branches, which he will be found still to control, so soon as the desired settlement with the Government is effected, and Charles Francis Adams' mission and usefulness as president has come to an end. These will all have to be unloaded on some one. Gould never bought a stock which he did not sell out while he controlled its property. Last of all will probably come his stronghold and tower of strength—Western Union—which even its monopoly in telegraphic communication, in this country, can hardly save from the invariable fate, of every Gould property, which must first be wrecked or depreciated while getting control; consolidated, watered, boomed and sold out, after it has been secured; and again wrecked, thrown into the hands of a receiver, and reorganized, without having created or added one dollar to its actual value or to the wealth of the country.

THE MONEY MARKET.

Money is easy at 2 and $2\frac{1}{2}$ per cent. on call. Currency has been going to New England and the Middle States to assist in the April settlements, but otherwise the tide is generally in favor of this center, and the national bank depositories now hold \$55,657,812 of Government funds.

The last bank statement exhibited a loss of \$599,025 in surplus reserve; that item now standing at \$9,413,225, in comparison with \$6,186,850 a year ago. This loss was probably not as great as represented, as the Sub-Treasury operations resulted in a gain to the banks, not a loss, as erroneously stated. There was a moderate contraction in loans, but the bulk of the decrease of \$2,579,900 in deposits was due to the loss in legal tenders and specie, considerable amounts of which were sent East last week. There was some fear that the money market might be manipulated in the interest of the Bears; but the prospect of early action by the Senate upon the surplus question, and the payment of \$7,300,000 April Government interest, due April 1st., offset these apprehensions.

FOREIGN EXCHANGE AND GOLD EXPORTS.

Foreign exchange has ruled dull on light exports, while the supply of security bills has filled the demand of importers for remittances, and kept the rate below the gold exporting point. Messrs. Heidelberg, Ickelheimer & Co. have shipped \$300,000 gold to Europe. But the current rates of exchange do not warrant gold exports, and this was a special transaction.

EXPORTS STILL DECREASING.

Our exports of breadstuffs from September 1, 1887, to March 26, 1888, were:

	1887-8.	1886-7.	Changes.
Wheat, bushels.....	19,494,661	40,926,912	Dec. 21,432,251
Corn, ".....	13,030,447	23,731,757	Dec. 10,701,310
Flour, barrels.....	6,732,602	5,741,140	Inc. 988,462

The exports of wheat and flour were equal to 49,791,370 bushels, against 66,875,592 bushels last year; decrease 17,084,222 bushels.

The exports of provisions from November 1 to same date were:

	1887-8.	1886-7.	Changes.
Pork, pounds.....	19,721,600	19,236,000	Inc. 485,600
Bacon, ".....	149,644,828	221,468,235	Dec. 71,823,407
Lard, ".....	111,176,098	151,334,857	Dec. 40,158,759

The total exports of all kinds aggregate 280,542,526 pounds, against 392,039,092 pounds last year; a decrease of 111,497,566 pounds.

The shipments of grain, flour and cotton during the last half of the month were stimulated quite sharply by the taking of freight by the regular line steamers for ballast, but the effects of the bliz-

zard blockade of the railroads and this port more than offset this gain by a loss of other freight. Yet export prospects are better for next three months.

EFFECT OF THE BURLINGTON STRIKE.

The official statement of the Southwestern Railway Association for the first and second weeks of March, shows that the C., B. & Q. earned in that period less than \$1,000 on through and competitive business between Chicago and Kansas City and common points. It is estimated that the gross earnings of the road will fall off over \$1,200,000 for the month.

This is the direct loss of the strike; but the indirect, which is something that cannot be obtained in figures, will be very heavy, while the expenses of operating the same mileage with the same equipment is also much greater. Though the strike of the engineers and firemen is declared over by the company, that of the switchmen has just begun, and may cripple the road another month. Strikes are expensive, but some railroad managers must have them, while others are able to get along, somehow, without them.

DEPRESSION IN THE PRODUCE MARKETS.

The old "Big Four" Bear combination of Chicago has been reformed the past month, under cover of the blockade to transportation and export by the blizzard, and they have resumed their noble calling at their old stand, on the Chicago Board of Trade, of encouraging American agriculture by depreciating its products. Figures will show the merits of this Bear raid better than words, and we have compared prices at the close of the week ending March 24, which were near the bottom, with those of a year ago. May wheat in Chicago was then 5c. per bushel lower than a year before, and 3c. lower in New York, with less than half the stocks, and 18,000,000 bushels less visible supply, with a considerably smaller crop than a year ago, but how much, it is impossible to tell, with the conflicting estimates of the Agricultural Bureau at Washington. At the same time this combination raided the price of May pork, at \$7.50 per barrel under last year, with 1,000,000 less hogs packed last winter, and hence lighter stocks with summer supply of hogs less than a year ago, and over 300,000,000 less corn this year with which to raise hogs. Ribs were also 1c. per lb. less, while lard remained about the same. The parties now bearing these products were bulling them a year ago. Corn, however, has withstood their assaults, though the highest article on the list, and is 10c. higher than a year ago.

COLLAPSE OF THE COTTON SPECULATION.

The position of cotton explained in our last, was suddenly

reversed early in March by the failure of some of the leading Bulls South and here, and the gradual liquidation of the stronger ones since, all of whom are said to have been pretty badly hurt. The cause was the heavy receipts South, which have already proved the Government statistician's figures of the crop altogether too small, to which the failure of the Bulls is attributed, as was that of the Cincinnati wheat clique a year ago, by his estimating the spring wheat crop 30,000,000 less than it proved, which error he is believed to have attempted to cover by estimating the present crop as much in excess of the truth.

The visible supply of cotton is 2,724,772 bales, against 2,833,896 a year ago, while stocks at Southern ports are much larger than a year ago instead of smaller, as was expected at this season. The Liverpool shorts have, therefore, beaten the New York and Southern Bulls again, though the market is now recovering.

THE CROP PROSPECTS.

The winter wheat crop prospects, so far as reported, are unfavorable, after the severe and changeable winter, and Illinois is placed at 30 per cent. less than an average. Although Europe has had a hard winter, and is now having severe floods, she reports her winter grain in good shape. But it is too early yet to be sure in regard to either. Of other crops there are no prospects as yet, except those of the Southern Hemisphere, and they are reported fair.

The coffee market has been under the control of foreign speculators, and has attracted little interest here. Petroleum has been put up by the Standard, which, on the talk of "one dollar oil," unloaded on Wall Street, and then broke the price to 88c.; yet the Street will trade in this speculative dynamite, as the Stock Exchange has, after listing petroleum, and being cornered by the Consolidated Exchange one afternoon early in the month, and paying \$1.45 for the fun.

THE CONDITION OF GENERAL TRADE

is reported as fair to good among jobbers and wholesalers since the blizzard allowed business to resume, and the movement of goods to and at interior points is reported satisfactory, while the city retail trade is poor, though there has been some recovery since the cold weather abated. The iron and coal industries are not in a very prosperous or hopeful condition, though not in a bad way. But, still, both are in a sort of suspense, between seasons. Otherwise there is little change in affairs, except as some interests have not fairly dug out of the snow as yet.

FINANCIAL FACTS AND OPINIONS.

Bank Legislation.—In the present number we have given a considerable number of the bank bills introduced into the house during the present session. Some of these possess a good deal of merit, and it is a cause for regret that the chances are so poor for favorable action. Congress seems to be pretty busy in doing nothing, and it is quite probable that legislation on some of the matters here presented, much as it may be needed, will fail. It is quite remarkable, though, in studying the national banking system, to note the few changes that have occurred since the reenactment of the law in 1864. Only a small number of bills have been passed, and these, we believe, without exception, have been real improvements to the system. Some of the bills now presented give the banks the right to take real estate security, which is simply sanctioning the later decisions of the courts on the subject. Others deal with the circulation, the reserve, the punishment of officers who engage in speculation, forbid the taking of deposits by insolvent banks, and kindred matters. Slight as is the chance of enacting these bills, they possess a considerable interest to those engaged in national banking. In the next number we hope to find space for presenting more of the measures that have been introduced.

National Banks and State Laws.—An interesting question has been decided by the Supreme Court of Pennsylvania touching State authority over national banking associations. A cashier of the First National Bank of Tamaqua claimed the right to the assets of a firm after its dissolution. This claim was resisted on the ground that, under the State Penal Code of 1860, bank cashiers were prohibited from engaging in business. The National Bank Act contains no such clause. The County Court decided in the cashier's favor, and the case was appealed to the Supreme Court of the State. Judge Paxton, in delivering the opinion of the court, said: "The national banks are the creatures of another sovereignty. The National Banking Act and its supplements create a complete system for the government of those institutions. Conceding the power of Congress to create this system, I am unable to see how it can be regulated or interfered with by State legislation. The Act of 1860, if applied to national banks, imposes a disqualification upon cashiers of such institutions where none is imposed by Act of Congress. If the State may impose one qualification, why not another? If upon the cashier, why, not upon the president or other officer? Nay, further, suppose the Legislature should declare that no person should

be a bank director unless he had arrived at fifty years of age, or should be the owner of 100 shares of stock, could we apply such an act to national banks? If so, such institutions would have a precarious existence. They would be liable to be interfered with at every step, and it might not be long before the whole national banking system would have to be thrown aside as so much worthless lumber."

Savings Bank Investments.—A bill has been introduced into the Massachusetts Legislature, providing that savings banks and institutions of savings may invest ten per cent. of the amount of their deposits in the bonds of any corporation organized under Massachusetts laws for the purpose of making loans secured by conveyances of mortgages of real estate, and with a paid-up capital of not less than \$500,000; provided that the payment of such bonds is guaranteed by such corporation, and provided that such bonds shall not be issued to an amount exceeding ninety per cent. of the face value of the mortgages assigned to secure the same. The bill also places such corporations under the control and supervision of the Savings Banks Commissioners. This is a questionable measure. Too much care cannot be exercised in guarding the funds of savings institutions. Notwithstanding the fine record of the national banks, we have always questioned whether savings banks ought to be permitted to purchase any of their stock, for its worth depends largely on management. There is no real security behind it on which a savings bank can rely in the event of failure. We have always contended that the money of savings bank depositors should be loaned, so far as possible, on real estate security, or invested in bonds which are secured by real property and public securities. In our judgment, it is much safer for banks to hold bonds of railroad companies, issued for a moderate amount per mile, than it is to hold stocks of any kind having no real security behind them. It may not be easy for savings banks in the Middle or Eastern States to make loans directly on real Western property; but if their funds are to be invested in that section of the country, would it not be much safer to employ agencies for making the loans? It is true that many of the loan and trust companies seek to conduct their business in a conservative manner, and are worthy of the public confidence. Individuals who cannot loan their money themselves are well served by such institutions; but it is certainly quite within the power of the savings banks to have agencies of their own for the purpose of making loans in the West. The banks could combine and employ the same agent, or in a number of ways the business could be transacted safely and without much expense. We certainly think this would be a sounder mode, for then the security would be direct, and the bank would

have complete control of it. In the event of the failure of the borrower to pay his interest, the bank could proceed directly against him, and not be complicated by operating through a trust or loan company. The bill in question provides for a guaranty by the loan companies; but past experience should teach savings banks that such a guaranty ought not to be regarded too highly. Loan companies with the most conservative purpose have invested their funds unwisely and gone to pieces, and their guaranty has proved worthless. A million or two of capital, though invested in the best securities, is a small guaranty to spread over ten or fifteen or twenty millions of bonds that may be issued. These considerations should lead savings banks, even if the bill be passed, to hesitate in committing their funds to other institutions for investment, instead of loaning them directly themselves.

Bond Purchases.—Congress is beginning to see that the old policy of paying the debt is, on the whole, wise, and should be continued; that it is cheaper to pay bonds, even though they have not matured, than it is to pay interest on them during the period they have to run. Several bills have been introduced into Congress authorizing the Secretary of the Treasury to make such purchases, though there never has been a question concerning his authority to make them. Nevertheless, he has questioned his power, and so the House has passed a bill on the subject which will doubtless be sanctioned by the Senate. It is true this is a large authority to entrust to an officer of the Government; but this can be truly said, no Secretary has ever abused this authority during the twenty years the policy has been pursued. Secretaries have come and gone, having all kinds of ideas concerning the administration of finance, but in this regard they have acted wisely; no interest has ever suffered from their conduct. Surely Mr. Fairchild can be safely entrusted with this power. His prudence has become so well established that no one should hesitate for a moment in entrusting him to do what his predecessors have done in discharging the national debt. It is true that the payment of a high premium is not a pleasant thing to do, but neither is the payment of interest, and this is the only alternative. It would be a delightful thing if all the bonds could be paid during the next ten or a dozen years, and freedom from national indebtedness could be added to the other freedoms enjoyed by the people. In the rivalry which is increasing among nations every day for the markets of the world, we should seek to strengthen ourselves in every possible way. Indebtedness of every kind should be cleared off at the earliest opportunity, for by so doing our credit is increased, capital is released for other undertakings, and in every conceivable way our national position

is strengthened. The few interests that would be served by the continuing of the debt weigh as nothing against the larger interests that would be served by the prompt discharge of it. The following bill has already been adopted by the House, and will doubtless receive the sanction of the Senate:

Be it enacted, &c., "That the Secretary of the Treasury is hereby authorized to apply from time to time the surplus money now in the Treasury, and such surplus money as may hereafter be in the Treasury, not held for specific purposes and not otherwise appropriated, or so much thereof as he may consider proper, to the purchase or redemption of the United States bonds; provided that the bonds so purchased or redeemed shall constitute no part of the sinking fund, but shall be canceled by the Secretary of the Treasury."

Fractional Paper Money.—The House has passed a bill providing for the issue of fractional silver certificates. The committee who reported the bill were unanimous, with one exception, Mr. Bacon, of New York. He learned from the Bureau of Engraving and Printing that it would cost \$383,000 a year to print the notes if the work were done by hand, or 350,000 if done partly by hand and partly by steam; and that the requisite machinery would cost \$35,000 more. Notwithstanding this large cost for printing, the small number of notes that will be required, and the opposition of Messrs. Randall, Weaver, Bland and others, the bill passed the House by the large majority of 178 to 67. Its fate in the Senate, however, is quite uncertain. The bill reads thus:

"That the Secretary of the Treasury be and he hereby is authorized and directed to issue silver certificates of the denomination of 25, 15 and 10 cents in such form and design as he may determine, such certificates to be received, redeemed, paid and reissued in the same manner as silver certificates of larger denominations; and to be exchangeable for silver certificates of other denominations. And the Secretary of the Treasury is authorized and directed to make such regulations as may seem to him proper for distributing and redeeming the denominations of silver certificates herein authorized."

Taxation of Canadian Bank Notes.—The action of the internal revenue officers, looking to collecting the ten per cent. tax on circulating notes issued by foreign institutions, has prompted applications from national banks in various parts of the country for information as to the law on the subject and the construction of it by the Government. The commissioner of internal revenue has made the following statement on the subject. Every bank located in the United States, whether State or national, is liable to a tax of ten per cent. on the amount of Canadian bank notes used for circulation and paid out by it in this country, and a true and complete return of the monthly amount of such notes so paid out by it for the previous six months must be made and rendered in duplicate by each and every such bank on the first day of June

and the first day of December. One copy of this return must be transmitted to the collector of the district in which the bank is located, and the other to the commissioner of internal revenue. This tax is imposed by section 3,412, Revised Statutes, and section 20 of the act of February 8, 1875 (18 statutes, 3,111); and the returns are required by section 3,414, Revised Statutes, and section 21 of said act of February 8. No internal revenue tax is imposed for paying out the notes of the Dominion of Canada, if, as is understood, they are obligations of the Dominion itself, and not of any bank or banker, and consequently no returns of the amount of them paid out by the banks have been required. A bank is not returned as paying out Canadian bank notes within the meaning of the statute when it simply sends them to Canada for redemption. If the bank, when it sends such notes to a correspondent bank in the United States, sends them not to be placed to its credit on the books of the bank in settlement of balances, or to be appropriated to the payment of debts, etc., but simply to be forwarded to Canada for redemption, and the correspondent bank, as its agent, thus forwards them, they need not be treated as paid out in this country by either of the banks.

The *Chicago Times* has some well-considered remarks on this subject which we strongly indorse. "It was well understood that the object of this tax was to suppress all issues for circulation under State authority, so as to give a clear and exclusive field to notes issued under authority of Congress. When this was accomplished the whole object of the law was accomplished. It seems not to have occurred to the banks near the Canadian line that the notes of Canadian banks were taxable under the Act of Congress referred to. People coming from Canada and bringing Canadian money with them paid it out, and it drifted into the banks in the ordinary course of business, and when people going to Canada wanted Canadian money the banks did not hesitate to pay it out to them, never supposing it to be taxable, as it was not generally current, and nobody intended to make it so. No former commissioner, it is believed, has required Canadian notes to be returned for taxation, and so the view taken by the banks has had the negative support of the government commissioner. But the present commissioner is of the opinion that the law, strictly construed, applies to Canadian notes as much as to any others not issued under the authority of Congress. We infer from a general statement of the circular, that it calls for returns from the time that the tax law went into effect—more than twenty-one years ago. It also infers that there are penalties to be collected, amounting to a pretty large sum in the aggregate, since there is a special penalty of \$200 for refusal or neglect on the part of

banks to make return and payment every six months. A bank doing business on the border—in Detroit, say—may have neglected to make returns forty times, if it has been doing business for twenty years; in which case it will have to pay special penalties to the amount of \$8,000, besides other penalties, and the ten per cent. tax on all the Canadian notes it has paid out for twenty years—mostly, no doubt, as a matter of accommodation, and without profit. Now, the commissioner may be entirely right in this matter, construing the law according to its strict letter, though he certainly is not construing it according to its perfectly well-known purpose. Be that as it may, he has the guns all on his side, and can collect the tax and the penalties or put the banks to no end of troublesome and expensive litigation. The subject is one, therefore, that Congress should promptly take in hand. It would be very unwise to repeal the taxing act, but it would be both wise and just to relieve the border banks from all back taxes and penalties on this account, and so amend the act that border banks can safely handle Canadian notes in the way above described."

Government Accounting.—Senator Cockrell has submitted a report to the Senate describing the method of conducting Government business, in which numerous criticisms are made on the present system. The chief criticism pertains to the "red-tape," so-called, which prevails in all the departments. The ways of getting and drawing money and doing other business are detailed at great length, and the circumlocution employed is criticised in an unsparing manner. It is doubtless true that much of this circumlocution, or red-tape, could be avoided; but the idea underlying the system is a sound one. That idea is, that one officer acts as a check on another, and hence the larger number of persons employed to transact the Government business, the more complete will be the security. It is unquestionably true that the numbers might be largely diminished, and a great saving be thereby effected, and the transaction of business be facilitated; but, on the other hand, the security to the Government would be diminished. This remark applies as truly to banks and other large institutions as to the Government. By increasing the number of clerks, or rather by rendering the mode of conducting business more elaborate, by requiring more persons to transact it, greater security can be attained; but, of course, at an additional expenditure of money and time. The money cost would be a small affair; but the loss of time would be serious. Banks know well enough how to put checks on their business against wrong doing, but these two elements must be sacrificed to some degree in order to increase their security. The banks, therefore, take the risk. The Government,

on the other hand, can well afford both the expenditure of time and money. To guard against frauds and mistakes is of the highest importance in the transaction of Government business. Senator Cockrell is, therefore, quite wrong in ascribing the seeming multiplicity of offices and of clerks to the desire of politicians to make places for their political supporters. The present system was created by Alexander Hamilton, and improved by his successors. Reports somewhat similar to that now presented by Senator Cockrell have been made on several occasions, but a more thorough investigation of the subject has always convinced Congress that it would not be wise to dispense with the checks for the sake of the economy, nor even for the sake of facilitating the dispatch of public business. Occasionally the long delay required for doing a very small thing seems ridiculous; but the small losses to the Government, considering the vast amount and variety of business transacted, quite justifies the mode in operation. It would seem as though some way might be invented for dispatching the minor business of the Government without using its elaborate accounting machinery; but, after all, it is quite impracticable to adopt different modes for doing the same kind of business. Perhaps in some respects some of the circumlocution, so well described in Senator Cockrell's report, might be eliminated, but the main features are based on a sound principle and should not be uprooted. Economy in time and money weigh very little against greater security in the administration of the public business.

Gold Finds.—How much gold is buried in the sea, or stored in unknown places on the land? Every now and then an account is given in the newspaper of the discovery of a deposit which had been made perhaps long ago. Of late, several instances have been reported. The amounts were not large; in one case about ten thousand dollars, and in another, two hundred and thirty-five. Some of the coins found were very valuable in consequence of their scarcity. The more important inquiry is, how much gold has been stored in that manner? At the close of the Franco-German war, when France offered a new loan for an enormous amount, the world was surprised by the wealth of the French peasantry, who flocked to Paris to subscribe to the loan, and who paid in gold, much of which had been kept in their houses. It had been previously known that the French peasantry were somewhat addicted to this practice, but no one ever supposed that they had more than a fraction of the amount delivered to the French Government. It is quite possible that, apart from the losses by shipwreck, a considerable amount of gold is lying unused in the houses of persons who are skeptical concerning the safety of

banks, or who, for one reason or another, prefer to keep their golden possessions close by them. Probably many more finds occur which are never reported in the newspapers. The persons who are so fond of manufacturing gold and silver statistics, and who, for the most part, are very imaginative in their work, have thus far not paid much attention to this unknown but real quantity existing in the world. It would be quite as reasonable to make some figures for it, as to make that stupendous imaginative base of gold in the world during the Middle Ages, which statisticians are fond of making, before any accurate record of its production was made and preserved.

Dismissal of Speculating Officials.—Bradstreet's Mercantile Agency employed a person named Priestman as general manager of the Montreal and Toronto branches of their business in 1886, paying him an annual salary of five thousand dollars and traveling expenses. Toward the close of the year Priestman began to speculate, and as soon as the company heard of this they remonstrated with him, but without persuading him to abandon the practice. Early in January, the next year, he was notified that his services were no longer required, as the company did not wish to employ an official whose attention was thus necessarily diverted by speculative operations. The agreement with him, which was in writing, provided that if either party desired to terminate it, three months' notice of such intention must be given before the expiration of the current year. After Priestman's connection with the company was severed, he brought a suit for five thousand dollars damages, based on his dismissal without having had the three months' notice specified in the agreement. Priestman failed to win his case, and we rejoice that the action taken by this company in dispensing with the services of such an official should have been sanctioned by the court. If every employer would do the same thing whenever he learns that a subordinate is engaged in speculation, this miserable business would receive a healthy check. The company were right in thinking that Priestman could not faithfully attend to its business and his own; and especially since speculation is well known to be peculiarly diverting. The course of the company cannot be too highly commended. It doubtless realized the possibility, in the event of an unfortunate turn to his speculations, of his taking the company's money to make good his losses, as has been done on so many occasions. Happily, the company dispensed with this official in time, before it had become wise through loss. We wish that all institutions and employers of every kind would imitate this example.

National Bank Circulation.—The statement of the Controller of

the Currency for February shows that the amount of surrendered national bank notes redeemed and destroyed in February was \$5,015,099, against \$4,952,315 in January, and that the amount issued to new banks and to banks increasing their circulation was \$1,889,790; so that the actual contraction of national bank circulation in February was \$3,125,309, or \$425,309 more than the amount of expansion of legal money by coinage of the standard dollars. Since January 1st the contraction of national bank note circulation has amounted to \$5,660,695, and the expansion of legal money has amounted to \$5,400,000 by the coinage of silver dollars. The net outstanding national bank note circulation on February 29th, including \$6,222,777 notes in the Treasury "in process of redemption," was \$262,507,539, secured by deposits of \$182,161,700 Government bonds for \$163,235,505 of the amount of circulation, and by deposits of \$99,272,034, face for face, of legal money for the redemption of the remainder of the circulation.

Thus the process of contracting the national circulation continues. Hence we are nearing the end of the national bank note circulation. If the policy of paying the bonds shall be resumed, in a few months or years at farthest there will be no basis left for national bank note circulation. Several bills have been introduced into Congress providing for the substitution of another currency; but so long as the gold and silver mines hold out, and the national banks multiply, and other agencies are created and maintained for extinguishing indebtedness, the reduction of the national bank note circulation has no serious aspect. Persons often forget that the need for money is lessening proportionately as the credit of the world improves, and debts are used for money purposes in effecting settlements. In other words, debts are discharged by offsetting other debts. The economy of this process may be well illustrated by comparing the business conditions which prevail in New York City, for example, with those on the frontier. In the former case debts are contracted and are extinguished by offsetting other debts through the agency of the clearing house; while on the frontier debts cannot be offset against each other in this manner, because there is no feasible way of concentrating them, and so money must be used to discharge them. For this reason, especially, the more enlightened portions of the world need less and less money in proportion to the business transacted than was required formerly.

Savings of Western Farmers.—The *Chicago Tribune* has compared the income of the Western farmers with the income of the workingmen of the Eastern and New England States. The

Tribune says that the latest statistical returns from the Eastern manufacturing States show that the average Massachusetts workman earns only eight dollars more per annum than the workman of a similar class in Great Britain, yet he is able to save from year to year much more than the Western farmer. "A recent statement of the Treasury Department gives the following comparison of deposits in different portions of the country in banks of the distinctive savings class—those without capital:

New England States.....	\$368,000,000
Middle States.....	386,000,000
Western States and Territories.....	27,000,000
Southern States.....	800,000

"Counting also the amount of Western deposit in savings banks with capital—a little over \$30,000,000—and the Eastern and Middle manufacturing States have savings deposits amounting to nearly fifteen times as much as the deposit of the lean South and West." The *Tribune* thinks that the difference is due principally to the tariff, which prevents the farmer from getting as much as he ought to get for his crops, and also to his enormous interest account. "A year or so ago, Banker Harris, of this city, made the following estimates, for use in the banking business, of farm mortgages in the ten Western States:

Ohio.....	\$350,000,000	Minnesota.....	\$70,000,000
Indiana.....	175,000,000	Iowa.....	100,000,000
Illinois.....	200,000,000	Nebraska.....	25,000,000
Wisconsin.....	100,000,000	Kansas.....	50,000,000
Michigan.....	125,000,000	Missouri.....	100,000,000

"According to this moderate, careful estimate, the farm mortgages in the ten Western States mentioned amount to the tremendous sum of over 1,200 millions of dollars, and the interest charge cannot be less than 90 millions per annum. Is it any wonder that the farmers of the West have no savings banks and no deposits worthy of mention? Practically, one-fifth of all that these mortgaged farms produce is taken to pay the mortgage interest charges." The *Tribune* concludes that the case of the Western farmer is quite hopeless unless the tariff shall be so amended as to relieve his burdens. Whatever may be the truth concerning the effect of the tariff on the Western farmer, there is no doubt whatever concerning the size of his interest account. This is, indeed, a serious burden, but one which he should have well considered before incurring it. In the next paragraph we have given some statistics bearing on the subject. The farmers have been too thoughtless in burdening themselves in this way. We cannot help asking why Eastern and foreign capitalists have been so willing, nay, eager to invest their money in these securities to the extent they have, but, in the event of taking farms for pay they doubtless suppose their security is

adequate. If the farmers in the end are obliged, in many cases, to abandon them, they will not forget the warnings they received from every quarter against pledging their lands for money, even though it was to be used in improvements.

Western Farm Mortgages.—The *Farmers' Review* has published the following summary of reports from correspondents on farm mortgages. As only a part of the reports are based on an examination of county records, and the balance are estimates of correspondents based on their knowledge of general conditions in the respective counties, only approximate correctness is claimed for the figures. Summarized by States, these are: Ohio, forty-five counties report an average of 23 per cent. of farms under mortgages; sixteen counties report farm mortgages on the increase, and twenty-four counties that they are decreasing. Indiana, thirty-seven counties report 26 per cent. of farms mortgaged; thirteen counties report mortgages increasing, and fourteen decreasing. Illinois, seventy-five counties report 27 per cent. of farms mortgaged; thirty-seven counties on the increase, and thirty-three on the decrease. Iowa, sixty-nine counties report an average of 44 per cent. of farms mortgaged; fourteen counties report an increase and ten a decrease. Nebraska, thirty counties give an average of 51 per cent. of farms mortgaged; twelve report farm mortgages on the increase and seventeen on the decrease. Wisconsin, twenty-five counties report 32 per cent. of the farms mortgaged; in eight mortgages are increasing and in seventeen decreasing. Michigan, twenty-six counties report an average of 50 per cent. of farms mortgaged; eleven report mortgages on the increase and nine on the decrease. Kentucky, eighteen counties report an average of 23 per cent. of farms mortgaged; eight report farm mortgages on the increase and ten on the decrease. Dakota, twenty-seven counties report 59 per cent. of farms mortgaged; fifteen report them on the increase and twelve on the decrease.

Who are the Savings Bank Depositors?—"Recent statistics of the savings banks of Massachusetts," remarks the *Boston Transcript*, "show that these institutions have not been allowed to depart from their character of depositories for people in middling circumstances. When the banks were established they were intended to promote thrift and cultivate the habit of economy among 'seamen and others,' as the title of the Suffolk quaintly sets forth. They were intended to be *savings* banks. Of late years it has been freely charged that the savings banks have become conveniences to the rich. The suggestion is frequently made that the maximum amount of deposit and accrued interest should be placed much

below the present limit of \$1,600. That there is no imperative demand for such a change is made manifest in the commissioners' report. Of 944,788 open accounts of Massachusetts savings banks, 344,640, or more than one-third, are for \$50 or less; exceeding \$50 and less than \$100, 91,072; exceeding \$100 and not over \$200, 113,671; exceeding \$200 and not over \$500, 155,547. Thus it will be seen that of the total number of open accounts, 704,930, or about three-quarters, are for sums not over \$500. Nearly one-half the open accounts are to the credit of women. Here and there there may be a wealthy man who splits up a considerable sum of money among a large number of savings banks, but the opportunities for turning money at rates that pay much more than the savings banks give to depositors are so numerous that such instances are rare. The vast majority of depositors in Massachusetts savings banks are 'well off' only in the sense that the person who saves something is well off as compared with those who are unable or unwilling to spend less than they receive."

Canadian Banking.—It is believed by some Canadians that quite as many banks exist in the Dominion as are needed for accommodating business. The failures among them are explained partly by the lack of enough business to render all of them profitable. Risks have been incurred which were not justified, and which would not have been incurred had there been less rivalry in the business. Mr. James Stevenson, manager of the 'Quebec Bank, says in the *Montreal Shareholder*: "In my opinion it would be better for both the trade and the country at large if we had fewer banks in the Dominion. There is no necessity for so many as we have. Just think of the expense connected with the equipment of so many—cashiers, managers, inspectors, chief accountants, etc. A sounder business would be done with a less number of banks than we have. In Scotland there were at one time forty-three distinct banks, but Sandy soon saw his mistake. In 1830 the number had been reduced to twenty-seven; in 1845 to twenty; in 1864 to thirteen; and now I think they number eleven—but those banks have over six hundred agencies, all working under a sound system controlled by and emanating from their respective head offices. True, the population of Scotland is not so large as that of the Dominion of Canada; but think of the accumulated wealth, the savings of fifty generations in Scotland, against that of ten in Canada."

The Shaw Failure.—In 1883 F. Shaw & Brother,* tanners of leather, failed for several million dollars, and within a few weeks have affected a settlement by paying the small sum of \$75,000 with interest. This dividend is too small almost to be

called a dividend; but the history of the negotiations to affect a settlement after the failure occurred are not without interest. An offer to compromise their indebtedness was soon made, but rejected by the creditors, who believed they would get more by waiting. Time, however, was against them; the tanneries declined in value; a fire destroyed one of the largest; many lawsuits followed, and so from one cause or another the assets of the company diminished in value until only the above sum remained, which is about enough to pay one per cent. of the claims. It is one of the most notable failures that has occurred for many years, both in the amount involved and in the size of the dividend finally paid.

Railroad Dividends.—The dividends of some of the Northwestern railroad companies will be seriously affected by the rate-cutting which has now been going on for several months. The decline from Chicago to St. Paul on first-class rates has been from 75 to 20 cents; second, 60 cents to 20 cents; third, 45 to 13 cents; fourth, 30 to 13 cents; fifth, 20 to 12 cents. The similar drops on rates from Chicago to Missouri river are from 80 to 27½, and the rate from Chicago to Des Moines on fourth-class is from 35 to 12 cents. Stockholders must inevitably suffer from this miserable rate war. It began about the middle of December, was in full blast in January, and the signs of stopping are not yet visible. It is said that the loss is over \$500,000 a month, and it is not strange, in view of this fact, that the Chicago, Burlington and Quincy Railroad Company should endeavor to retrieve the loss by diminishing the expense account. This road began the war and is now reaping the natural results of its policy. Such competition is injurious in the extreme to almost every interest, and hastens the day for public intervention, either through State ownership or other forms of State control. If the railroads wish to have the Government keep its hands off, they should certainly behave better than to engage in such costly and ill-advised rate wars. They cannot be defended, and only demoralization to shippers and everybody concerned, follows. The last turn of the screw is to recoup a portion of the loss from the workmen. This is as little justified as was the rate cutting in the beginning.

Pacific Railroads Settlement.—A bill has been presented to Congress for the purpose of settling the financial relations between these companies and the Government. It is proposed to ascertain the full amount of the indebtedness from July 1, 1888, which is about nine years before its maturity. To ascertain this amount the sum payable by the Government, principal and interest, to the time of the maturity of the bonds, is to be computed, and

payments by the companies to July 1, 1888, deducted. The present worth of the balance as of July 1, is to be determined on the basis of 3 per cent. simple interest as the value of money to the Government, and the amount in the existing sinking fund applied as a credit. The whole amount thus ascertained to be due as of July 1 is to be refunded in bonds of the company, having fifty years to run and bearing interest at 3 per cent., payable semi-annually. In addition to the payment of interest every six months on the full amount of the debt, the company is to pay toward the redemption of the principal one-tenth of 1 per cent. during the first five years, one-half of 1 per cent. during the second five years, seven-tenths of 1 per cent. during the next ten years, 1 per cent. during the next twenty years, and 2 per cent. during the last ten years. These payments are so arranged as to be equivalent to a sinking fund for the liquidation of the principal at maturity, but they are to be in fact absolute payments, so that the full amount paid would advance from \$847,200 semi-annually at the start to \$1,376,700 during the last ten-year period. The aggregate payments would be \$52,950,000 on account of principal, and \$50,057,680 on account of interest. The committee estimates that the actual average extension of time for the whole debt under this plan cannot fairly be regarded as more than twenty years. Payments would begin nine years before the maturity of the debt, and during that period \$20,381,583 would be paid. In speaking of extension, therefore, a similar period should be deducted after the debt is due, leaving thirty-two years of the fifty for which the bonds are to run. Taking into account the increasing partial payments, and the reduction of the unpaid debt every six months, the committee reaches its conclusion that the "average extension of the debt as a whole does not exceed twenty years." It is to be hoped that Congress will soon reach a definitive settlement of this question. The history of these companies is unsavory to the American public, and the sooner it is forgotten the better. The mode here proposed seems to be the outcome of a very careful study of the subject. As it will be quite impossible for the Government to get the full amount due when the bonds mature, probably the terms here proposed are as favorable as can be executed. At all events, some plan should be speedily adopted looking to the extinguishment of this indebtedness at the earliest practicable period. Nothing would be gained by pushing the companies into bankruptcy, but they should be required to pay the largest amount possible, consistent with other engagements.

Mexican Taxation.—In Mexico, as is well known, the land is

owned by a small number of persons. With a population of ten or twelve millions, it is said that six thousand families own nearly all the land of the country. Many of the owners of great possessions do not reside on them, but spend their lives permanently in other countries. Thus Mexico is cursed with the evils of landlord absenteeism and land monopoly. The people have long felt their position was intolerable under the feudal land system which has prevailed. Until within ten years an abundant harvest was regarded by the landowner as a positive curse, and the peasants were deprived of work and of permission to cultivate allotments lest the value of the grain in the lords' granaries should be lowered. Hence the Mexican peasant was eager to adopt any calling—that of a railway navvy, factory operative, or soldier of fortune—rather than that of agriculturist, to which the fertile soil really invited him. As a soldier he was at least assured against starvation during a campaign. The extension of railway communications through Mexico is in itself tending to a natural solution of the agrarian question by promoting the distribution and consumption of produce. The legislative and administrative power, too, which for a long period has been concentrated in the hands of the landlords, is slipping away from them, and the historic traditions which dispose the landowners to endeavor to lay the burden of taxation on commerce and the consumers, and which have made it difficult for them to realize that they ought to contribute in proportion to their means to the expense of the Government on which they rely for protection, are weakening. The Mexican *Financier* says that "there is good reason to believe that the Minister of Finance is studying the question of a general land tax, and, certainly, his plans in that direction will have the support of a large number of the most influential newspapers of the interior of the Republic. In a recent number of the *Correo de la Tarde* of Mazatlan, attention is called to the land-hunger of many of the great proprietors of the State of Sinaloa, who add hectare to hectare, and mile to mile, in their anxiety to secure vast possessions. Why should these monopolists of the soil be exempted from a direct tax, while the merchants and manufacturers of the country bear heavy burdens? The capital of these useful members of the commonwealth pays a large proportion of the taxation now levied, while the capital of the land monopolist is scarcely taxed. This is not equitable and the press is awakening to this fact. Mr. Dublan's sagacity may be trusted to show him how to compel every class of capitalists to bear their proper share of the burdens of taxation. We would not advocate unduly heavy taxes on land, but regard it as but right that land should be taxed as well as bales of merchandise or the factories of our

enterprising native manufacturers. We think that the *Correo de la Tarde* is right in asserting that the only rational manner of ending the alcabala system is to impose direct taxes on real estate."

British Funding Scheme.—Mr. Goschen, Chancellor of the Exchequer, has submitted to the House of Commons a scheme for the conversion of the public debt. In explaining his scheme Mr. Goschen said he would take $2\frac{1}{2}$ per cent. as an indication of the credit of the country, and, in his judgment, a system of gradual reduction of interest with each stage guaranteed for a certain number of years would be most successful. Three kinds of stock now existed—£323,000,000 of consols, £166,000,000 of new threes, and £69,000,000 of reduced threes. Ten years' notice would be required to pay off the consols and the reduced threes. The new threes could be paid off without notice. He proposed to follow the principle that there should be one large stock, not stock of different denominations. He saw no reason why these three should not be amalgamated into one great stock, with quarterly instead of half-yearly dividends. There were strong arguments to offer in favor of the creation of $2\frac{1}{2}$ per cent. stocks. He offered holders of consols and reduced threes £100 five shillings for every £100 of stock if they would forego the right of one year's notice, provided they assented before April 12; otherwise the conversion would be at par. Consol holders would be relieved under the new scheme from the constant fear of being paid off. If the scheme were accepted the country would save from April £1,400,000, and after fourteen years it would save \$2,800,000 annually. The Commons appear to have received the proposition favorably, and its progress will be watched with interest.

British Municipal Indebtedness.—Mr. H. C. Burdett, in his *Official Intelligence*, published in connection with the Stock Exchange, gives some remarkable facts as to the growth and position of municipal and local debts in Great Britain. According to his compilation, the ascertained debts of local bodies were in the year 1874-5, under 93 millions; in 1885-6, the total ascertained was over 181 millions sterling. Within eleven years, then, these debts have been doubled, and the rate of increase has been over eight millions sterling per annum. The paper also shows in detail the ascertained debt per head of each local population, and also estimates the value of the assets per head. In most cases it is satisfactory to find that assets greatly exceed debts, and Mr. Burdett further distinguishes by classing local works under remunerative and unremunerative heads respectively. Five local bodies are unenviably distinguished by debt in excess of the assets per head

of the population; thus Halifax has a debt per head of £16 4s. 6d., and assets £15 11s. 6d.; Portsmouth has a debt per head of £4 13s., assets £4 8s., 6d.; Reading a debt of £11 os. 5d., and assets £7 11s. 2d.; Rotherham, a debt of £7 5s., assets £7 2s. 8d.; Wolverhampton, a debt of £8 9s. 4d., assets £7 os. 5d. per head respectively. But the assets of a corporation cannot be easily ascertained, for the reserve of tax-paying power is always a doubtful quantity, and Mr. Burdett must not be taken to make any reflection upon the solvency of these bodies. The list of corporation stocks quoted on the London Stock Exchange displays very little difference in the credit of the various bodies. They can borrow at a little over $3\frac{1}{4}$ per cent. on the average, from which it may be gathered that the reserved assets and the well-ascertained honesty of most of the public bodies in England are sufficient to give confidence to investors.

The Russian Ruble.—The Russian ruble is now worth but little more than thirty-four per cent. of its par value. During the Crimean war it was worth seventy-five per cent., but during the Russo-Turkish war its value declined to forty, and with one or two periods of slight recovery has been falling ever since. It may be said that since 1852 the value of the ruble has fallen nearly fifty per cent. Half of this fall, perhaps, may be attributed to silver depreciation; for, though specie payments are suspended in Russia, the ruble is a silver coin. The remainder of the fall has been caused by the wars in which Russia has engaged, and to the general economic condition of the empire. For a considerable time she has been unable to borrow, except in Berlin; and the chief mode of borrowing there has been by selling rubles. It is now feared that they may be scaled, or perhaps repudiated altogether; and this fear has lately sent their value downward. Of course, if they were repudiated, to that amount the Russian obligations would be diminished; but, on the other hand, her credit would be seriously impaired. The depreciation and final repudiation of paper money is one of the severest forms of taxation that can be borne, but it may be that such a tax and burden are now to be borne by the Russian people. The financial outlook for that country is not encouraging. The indebtedness of Russia is increasing every year; taxation is severe, and no mode of relief is seen. The pleasant feature with respect to the outside world is that peace prospects brighten as Russia's financial difficulties increase.

THE PUBLIC DEBTS OF EUROPE.

BY ALFRED NEYMARCK, MEMBER OF THE SOCIETY OF POLITICAL
ECONOMY OF PARIS.

[CONCLUDED.]

V.—MODES OF ISSUE AND KINDS OF SECURITIES EMPLOYED BY BORROWING GOVERNMENTS.

We have just shown how the conversions effected by the principal States have been realized, and how the fall in the rate of interest and the abundance of capital have facilitated these operations. It may be useful to notice how different countries make their loans. From this comparative study of the European debts, the variety of securities issued has been seen. England has 3 per cents., $2\frac{1}{2}$ per cents., terminable annuities; Austria has metallic 4.20 per cents., gold 4 per cents., paper 5 per cents., silver 5 per cents., lottery loans without interest. Belgium has had $4\frac{1}{2}$, 4, 3 per cents. Russia has issued loans in the form of 6, 5, 4 per cents.; Holland has $3\frac{1}{2}$, 3, $2\frac{1}{2}$ per cents.; Italy has 5 per cents., 3 per cents., and has just decreed $4\frac{1}{2}$ per cents.; Norway has $4\frac{1}{2}$, 4, $3\frac{1}{2}$ per cents.; Portugal has 5 and 3 per cents.; Prussia has 4 and $3\frac{1}{2}$ per cents.; Roumania has 7, 6, 5 per cents.; Saxony, $3\frac{1}{2}$ and 3 per cents.; Sweden, $4\frac{1}{2}$, 4, $3\frac{1}{2}$ per cents.; Würtemberg, $4\frac{1}{2}$, 4, $3\frac{1}{2}$ per cents., etc. Among the colonial funds we find the 5 per cents. of New Zealand, the Quebec 5 per cents., the Queensland 6 per cents., the India $4\frac{1}{2}$, 4, and $3\frac{1}{2}$ per cents., the 4 per cents. of Canada, Jamaica, Tasmania, the Victoria 5, $4\frac{1}{2}$, 4 per cents. What do we learn from these facts? That it is impossible to say, absolutely, that it is neither scientifically nor practically proved that it is preferable for a State to borrow only with one kind of securities, and that a variety of securities may injure their value. The truth is that it is with States as with individuals; the best mode of borrowing is that which costs the least and procures the greatest amount of money. It may be useful to borrow in the form of bonds or of rentes, in 4 per cents. or 3 per cents., in 5 per cents. or $4\frac{1}{2}$ per cents. It is a question of opportunity and judgment. All governments have chosen the form of loan most advantageous to the interests of all, without limiting themselves to the issue of but one kind of security determined upon in advance.

It is the same with the mode of issuing loans. At the time of the Crimean War, France generalized the system of public subscriptions. Before 1852, great banking houses made offers for the Government loans, and afterwards disposed of the securities among their customers; later, the governments appealed directly to the

money of the public, without using bankers as their agents. Considerable modifications have, however, been made in the system of subscriptions. We see England make appeals to credit by public auction for its colonial and municipal loans. It offers 4 per cent. interest for example; it agrees to supply first the demands of those who will be satisfied with a smaller interest. This system favors the least exacting subscribers, does not discourage the public by undeserved disappointments in the distribution, and allows the borrower to obtain the most favorable conditions; this manner of subscription makes the loans least burdensome to the borrowers. The other methods of loans used by governments are fixed or optional sales to bankers and credit establishments. Several States have merely requested banking houses to issue the loans they desired to make for a commission. With the exception of England and France, nearly all the European governments still deal with syndicates of bankers for their emissions.

VI.—ON THE DISTRIBUTION OF FOREIGN PUBLIC FUNDS AMONG FRENCH HOLDERS.

In the course of this study we have striven to know the approximate amount of foreign funds belonging to citizens of our country. The figures we have quoted were given us by the ministers of finance and the directors of statistics of foreign governments; but they need completion, and no authority could better obtain and group further data upon this important subject than our Superior Council of Statistics.

With rare exceptions, and except under particular circumstances, such as the rise or fall of the price of exchange on international securities, French capitalists possessing foreign funds do not collect the amount of their interest coupons abroad; they apply to French bankers and credit establishments to get the money for their due coupons.

We are sure that Messrs. Rothschild, the Bank of Paris, the Société Générale, the Comptoir d'Escompte, the Crédit Lyonnais, the Crédit Industriel, and all the bankers—who have a special license for making payments on foreign coupons—could easily answer questions put to them by the Superior Council of Statistics.

It is not for mere curiosity that such documents should be published. Financial and fiscal questions must more than ever take the precedence of political questions. What our legislators and most of our political men know the least is the exact situation of the public fortune of France, the amount and power of its savings, the nature and figure of its investments either in French or foreign funds. To this want of knowledge must be attributed many of the fiscal, economic, and financial errors that have been committed

in the establishment, increase, and suppression of such and such a tax in preference to such and such another one. At a time when there is some question of taxing rentes, foreign funds belonging to Frenchmen, incomes, etc., this sort of information is indispensable if dangerous errors are to be avoided. In our opinion the Superior Council must not hesitate to throw light upon these special questions. We cannot too much insist upon this point, that the efforts and labors of the eminent men belonging to the commission should be directed to the Department of Financial Statistics.

VII.—ON THE QUOTATION AND NEGOTIATION OF FRENCH RENTES ON FOREIGN BOURSES.

We must also mention a reform that we have often called for, and which will no doubt seem of use, when we consider the importance of the foreign loans contracted in France. With the exception of the German funds, all the foreign government funds, all the principal foreign securities are quoted on our Bourse; all the foreign governments have made an appeal to French capital. Now, none of our French rentes are quoted in Vienna, St. Petersburg, Stockholm, Christiania, Rome, Florence, Madrid, Lisbon, or Athens. Our 3 per cents. are quoted in London, Brussels, and Amsterdam. And that is all. This situation deserves attention.

The affluence of foreign government funds into the French market, the facility with which they are sold and negotiated in there, are financial facts revealing a tendency of capital, against which it might be very difficult to attempt a sudden and violent reaction.

It is certainly to be regretted that our citizens should become the creditors of States whose solvency and credit are doubtful. It is no less unfortunate that the capital slowly accumulated by saving men in our country should be replaced by foreign securities devoid of serious guarantee.

But, on the other hand, there can be no harm, and it is even necessary and useful, from a financial and economic point of view, that nations, honest and known as solvent, should be debtors of ours. There can be no harm in having French capitalists at a given time hold a certain quantity of good foreign paper, well and duly guaranteed, and easily realizable.

It may be understood, however, that there is a certain international financial balance, which cannot be broken without inconvenience. It is easy to understand the danger there would be for France in having only debtors and no creditors abroad, in always absorbing paper and never giving out any, in saturating herself with foreign securities, while she does not sell a nearly equivalent quantity of French securities in other countries. The danger may

be measured, finally, which our country would incur whenever the nations around us would gain more by our ruin than by our prosperity. Even from a political point of view these considerations are not without weight.

Politically, as well as financially, it is therefore wise and desirable to interest Europe in our progress, in our national development, in our economic future. One of the most efficacious means of attaining this result is to sell to foreign capitalists the greatest possible quantity of French rentes and securities. It may, perhaps, be said, that this expansion of French funds will be naturally accomplished, thanks to the great confidence other nations have in the credit of France. So that it is only necessary to let time, foreign capital, and the wisdom of nations work, to be assured of a result so desirable for our future.

This reasoning is excellent logic, and may appear very solidly based in theory. It is absolutely vain if not justified by practice. Now, unfortunately, it is not so justified.

It is not enough to say to other nations: "I, France, am issuing a rente, offering all guarantees, full security. Take it; there is nothing better. You know my riches, productive powers, my love of work, my recognized honesty. You know that I have always paid and paid well; you know how, even in the most critical circumstances, I have been punctual in fulfilling my engagements. Take my rente! What better funds have you? What better investments? What more profitable and surer use for your money?"

Such a discourse would be entirely just and exact. Everybody is aware of these truths, and we should only have to preach to converts.

But, for the foreigner to take much of our government funds, he must know where to go to find and buy them, and where to sell them if necessary. They must be rendered accessible to all the capitalists of Europe, and easily negotiable everywhere.

Now, it does not seem to us that this has been sufficiently attended to. As we have said above, our French rentes are not quoted on foreign bourses. In recent years we have issued some large loans, notably in redeemable 3 per cent. rente. It may be said that, at present, this rente is almost unknown in the great financial markets of Europe. This is a mistake, a serious negligence, which we should hasten to remedy. We ought to do for our rentes what other nations do for their government funds, which they take so much pains to make known to us, and which they put into all the European markets.

VIII.—WAR, RUIN, OR INDUSTRIAL AND ECONOMIC REVOLUTION.

But what is most evident from the work we have undertaken is, in our opinion, that all Europe, with the weight of military

expenditures and burden of public debts and taxes crushing it, is marching, if it perseveres in this course, toward war, ruin, and a veritable industrial and economic revolution. Whatever the pessimism of such a conclusion may be, we cannot pass over our impressions in silence. The peace of Europe is, to tell the truth, only a state of latent war, and this situation, apparently the ordinary condition of the old continent, weighs upon the civilized world in two ways: on the one hand, it takes a large portion of the capital accumulated by the annual savings and labors of all to support soldiers, buy guns, cannons, munitions, build fortresses and ships; on the other, it prevents the use of this enormous capital for the development of commerce, industry, and the materials of production, for the diminution of the general expenses of the nation. The fear of, and the preparations for, war become as harmful and as costly as war itself. The finances of Europe are so involved as to make one fear lest they should fatally lead on the governments to ask whether war, with its terrible eventualities, is not to be preferred to the maintenance of a precarious and costly peace. If it is not war that comes as an end to the military preparations and armaments of Europe, it may be, as Lord Stanley said twenty years ago, "the bankruptcy of the States." If such madness does not lead to war or ruin, it must assuredly be to an industrial and economic revolution.

Old Europe is struggling against the competition of young and rich countries, producing with greater profit. Beyond the ocean there is a powerful republic, America, which has been able to extinguish a debt contracted for the necessities of a great cause; it offers to the whole world the spectacle of unprecedented prosperity. Recently President Cleveland's message at the opening of Congress showed an actual embarrassment of riches. In Asia all the nations are beginning to profit by the discoveries and progress that Europe has made, and as in these countries the price of labor and public taxes are almost nothing, all Europe will feel more and more every year the effects of the appearance on the commercial and industrial stage of these nations, who have not to pay annually four and a half milliards for war expenses and more than five milliards for the interest on their public debts.

Gen. von Moltke said recently in the Reichstag that "in the long run, nations would be unable to support military burdens." He might have added, that the day the people understand all that war costs them, even when it remains as a mere danger of war, whenever they come to consider the growing mass of interests that progress is ever throwing on the side of peace, the governed will that day know how to dictate their will to their governors. The forty-one milliards increase of Europe's public debts since 1870,

opposed to the milliards of decrease of America's debt, offer a powerful lesson. No, nations cannot, in the long run, support such burdens; no, they can no longer continue to work, toil, suffer, raise up their families with difficulty, in order that their property resources, savings, and the beings dear to them should be sacrificed and destroyed by the gigantic struggles of war. They wish for peace, to profit by the benefits it procures, to exchange peacefully their products, to carry on commerce, to work; they all wish for an economical administration and for reduced taxes.

Governments respond to these desires by increasing every year the military expenses, the war preparations, and the public burdens.

Nations will in the end weary of keeping up such a state of things, which takes us back to the times of the 'barbarians: the civilization which has beaten down the barriers between countries and individuals, rendered intercourse more rapid and easy, established railways and roads, dug canals, pierced mountains and isthmuses, will impose peace upon modern society in as irresistible a fashion as war was imposed upon savages and ancient society.

RECOVERY OF MONEY ON FORGED CHECK.

SUPREME COURT OF TEXAS.

Weinstein v. National Bank of Jefferson.

PLEADING.

In an action against a bank to recover money paid on forged checks, a plea alleging that plaintiff was estopped by reason of having received his pass-book and checks, and by having failed to use due diligence to detect the forgeries within a reasonable time, is bad, inasmuch as it does not allege or show any injury to defendant by reason of such delay.

ESTOPPEL.

In an action against a bank to recover money paid on forged checks, defendant pleaded an estoppel, averring that, by reason of the "negligence and failure" of plaintiff to examine and report any errors or forgeries, defendant was "debarred the right and opportunity of protecting itself." *Held*, that the allegation was good on general demurrer, though, had a special exception, on the ground of vagueness and generality, been filed, it should have been sustained.

DUTY OF DEPOSITOR TO EXAMINE PASS-BOOK.

In an action against a bank to recover money paid on forged checks, the court charged the jury, in effect, that the bank would be liable unless plaintiff had neglected to examine his account and report the forgeries "for such a length of time as worked an injury to the bank; * * * that the bank was injured if, by reason of plaintiff's negligence or delay, it lost the means of recovering the money, which it would have had had it been notified within a reasonable time; * * * that if, by reason of plaintiff's negligence and delay, the opportunity of protection on the part of defendant was lost, then plaintiff would not be entitled to recover." *Held* that, taking the charge as a whole, it was not calculated to mislead the jury as to plaintiff's right to recover.

LIABILITY FOR CHECKS PAID BEFORE RETURN OF PASS-BOOK.

In an action against a bank to recover money paid on forged checks, plaintiff asked the court to charge the jury that, even though they should find that plaintiff

was estopped by negligence from recovering for checks paid after the date of the balancing and return of his pass-book and checks, he could, nevertheless, recover for forged checks paid by the bank prior to that date. *Held*, that the instruction was properly refused.

GAINES, J. The plaintiff in the court below, who is appellant here, was, during the years 1885 and 1886, a merchant in the city of Jefferson, and a depositor in the bank of the defendant corporation. He was absent during the period of the transactions involved in this suit; that is to say, from December, 1885, to August, 1886; but his business was in charge of his brother, A. Weinstein, who was his agent and attorney in fact. On the 27th of February, and also on the 12th of June, 1886, the cashier of the bank balanced plaintiff's pass-book, and returned all checks which had been paid by the bank up to these dates respectively. In August, 1886, A. Weinstein discovered, or claimed to have discovered, that a number of checks, on dates extending from December 5, 1885, to June 4, 1886, which had been paid by the bank and charged to plaintiff's account, had been forged. The aggregate amount was \$1,082.05. These checks were embraced in the accounts balanced in the pass-book, and were returned to plaintiff's agent with the pass-book when balanced at the dates named above. Plaintiff made demand of the bank for the money charged against him on the checks alleged to have been forged, and, payment having been refused, brought this suit for its recovery. The defendant pleaded a general denial, and also in substance, that plaintiff's agent having, at the dates above named, received the pass-book and checks, and having failed to use due diligence to detect and denounce the forgeries within a reasonable time, plaintiff was thereby estopped from questioning the correctness of the account. The court overruled an exception to the plea of estoppel, and plaintiff excepted to the ruling, and now assigns it as error. The ground of the exception was that the plea did not "allege or show any injury or loss to defendant occasioned by or resulting from the delay on part of plaintiff" in discovering and giving notice of the forgeries. The exceptions were well taken to the original answer. It contained no averment of any loss by reason of the laches of plaintiff's agent, or that its condition had been in any manner changed for the worse by his negligence. We do not see that such loss or injury was a necessary consequence of the facts set forth in the answer, and hence, in our opinion, in order to make it good as a plea of estoppel, it should have been alleged. But in a trial amendment, filed by leave of the court (it is to be presumed after the exceptions had been sustained, though no order sustaining it appears in the record), defendant avers that, by reason of the "negligence and failure" to examine and report any errors or forgeries therein, it was "debarred the right and opportunity of protecting itself," and, further, that if the account of February 27th had been examined, and the forgeries reported, defendant would not have paid the other checks alleged to have been forged. The first part of this allegation is vague and indefinite; but we think it good upon a general demurrer. *May v. Taylor*, 22 Tex., 348; *George v. Lemon*, 19 Tex., 151. A special exception on account of vagueness and generality should have been sustained, but no such exception was filed.

Appellant's second assignment is that "the court erred in its charge to the jury in paragraphs 9, 10, and 11 of said charge, in this: that said instructions debarred plaintiff from any recovery for any amount, notwithstanding all the checks may have been forged, if the jury found a failure on the part of plaintiff to examine and inspect the accounts and

checks, which were never returned to him until February 27, 1886." We do not think the assignment well taken. It may be that these paragraphs, if they stood alone, would subject the charge to the criticism which is made upon it. In paragraph 9 the jury are told that if, by reason of the failure of A. Weinstein to examine the account and report the forgeries, "the opportunity of protection on part of defendant was lost, then plaintiff would not be entitled to recover." The eleventh paragraph contains substantially the same proposition. We are not prepared to say that, under the peculiar facts of the case, these paragraphs of the instructions, taken by themselves, would have been calculated to mislead. But in the sixth paragraph the jury had been previously instructed, in effect, that the bank would be liable unless Weinstein had neglected to examine the account and report the forgeries "for such a length of time as worked an injury to the bank;" and in the seventh they are further charged, in effect, that the bank was injured if, by reason of Weinstein's negligence and delay, it lost the means of recovering the money which it would have had if the discovery and report had been made in a reasonable time. Taking the charge as a whole, the jury must have understood that they were not warranted in finding for the plaintiff under any state of facts unless they found that the bank had been prejudiced by the negligence of plaintiff's agent.

In his third assignment of error, appellant complains of the action of the court in refusing to give the following instruction asked by his counsel upon the trial: "If you believe from the evidence that the defendant paid the check purporting to be drawn by plaintiff between the 5th day of December, 1885, and the 27th day of February, A. D. 1886, the date of the balancing and return of plaintiff's book, and if you believe that any of such checks so paid within said period of time were false or forged, then the plaintiff is not estopped from recovering the amount so paid on such false or forged checks and charged to plaintiff, even though you should find that plaintiff is estopped by negligence from recovering for any forged or false checks paid after said balancing and return of said pass-book on said February 27, 1886. And in such case you will find for plaintiff the amount of such false and forged checks so paid by defendant and charged to plaintiff from December 5, 1885, to February 27, 1886." It will be seen that the charge requested and refused assumes, as a matter of law, that there could be no estoppel as to the amounts paid on the checks alleged to be forged before the balancing of the pass-book and the return of the checks on the 27th of February, 1886; and appellant is not without authority to support this proposition. In *Daniel, Neg. Inst.*, it is said: "It seems, further, that the depositor owes the bank no duty which requires him to examine his pass-book or vouchers with a view to detection of forgeries of his name, and may, therefore, repudiate such a charge whenever the forgery is discovered." 2 *Daniel, Neg. Inst.*, § 1370. The learned author refers in support of his text to *Weisser v. Denison*, 10 N. Y., 69, and to *Bank v. Tappan*, 6 Kan. 465; the former of which fairly supports his text, though, in our opinion, the latter does not. We think there may be cases in which a bank that has paid forged checks may be put in a worse position by the failure of the depositor to detect the forgery upon return of his pass-book within a reasonable time than he would have been had the fraud been promptly discovered and denounced. In such a case, injury having resulted, the transaction contains every element of an estoppel. The object of the statement of the account in the pass-book, and its return with the checks, is to apprise the depositor of the full state of his account as shown by the books of the bank, to the end that he may verify it if it be

correct, or detect its errors if it be found erroneous. The banker impliedly says to the depositor: "This is my account. Examine it, and, if not found correct, report to me its inaccuracies." And should the latter fail to complain within a reasonable time, the banker would have the right to consider that there was no objection to it. By his failure to speak in proper time, he virtually admits the correctness of the items charged. It is now held that an estoppel may be created, not only when the party sought to be concluded knows the material facts he is charged with having represented or concealed, but also when he is "in such position that he ought to have known them, so that knowledge will be imputed to him." (2 Pom. Eq. Jur., § 809.) Here it is the duty of the depositor to know whether the account is correct or not, and, promptly to report a forgery when detected. Should he negligently fail to make the examination and consequent discovery (when he could have discovered it), it is as if he had expressly admitted the genuineness of the checks, and he will not be permitted to deny the fact, provided the bank be prejudiced by his failure. It has been held by this court that when one party has been prevented or induced by the conduct and representations of another from taking prompt action for the collection of his debt, that this is such a change in his position for the worse as to meet the requirement of the law in order to create an estoppel. (*Schwartz v. Bank*, 67 Tex., 217, 2 S. W. Rep. 865.) In this view we are ably sustained by the opinion in the case of *Bank v. Morgan*, 117 U. S., 96, 6 Sup. Ct., Rep. 657. That case, as to the facts, is very similar to the case before us, and in the opinion there delivered, Mr. Justice Harlan exhaustively reviews the authorities, and affirms the principles we have stated. The learned judge distinguishes the cases of *Weisser v. Denison*, and *Bank v. Tappen supra*, and claims that they are not in conflict with his opinion. We need refer only to that opinion in support of our conclusion, and to the cases there cited and discussed. There are expressions in the language of the court in that case from which it may be inferred that the law would presume that the bank was prejudiced by the negligence of the depositor in failing to detect and denounce the forgery. We are not prepared to say whether such a deduction may be legitimately drawn from it or not; but, if so, we do not wish to be understood as assenting to that doctrine. We think that is a matter for the jury, under appropriate instructions from the court. By the charge under consideration appellant virtually requested the court to instruct the jury that the bank could not have been prejudiced, and would, at all events, be liable as to the checks paid before the first return of the pass-book and checks in February, 1886. It follows from what we have said that, in our opinion, this is not the law, and there was no error in refusing to give the instruction. The general charge left it to the jury to say whether the bank was injured or not, and this was correct. There is no assignment raising the question of the sufficiency of the evidence upon that issue, and therefore we are not called upon to consider whether or not the evidence supports the verdict in that particular. There is no error, and the judgment is affirmed.

BANK CHECK.

COURT OF APPEALS OF NEW YORK.

*Lynch v. First National Bank of Jersey City.**

Plaintiff received a check from the drawer, payable to the maker or order, but not indorsed by him. The check had been certified by defendant bank at the request of the drawer and while in his possession. Held that, as there was no evidence that the maker of the check intended to part with any portion of his deposit to the plaintiff, the defendant was not liable.

RUGER, C. J.—It is desirable in the first instance to precisely determine the questions which are presented by the record before us. The evidence is very brief, and not in any respect conflicting, unless the facts proved are fairly susceptible of opposite inferences in different minds. At the close of the plaintiff's case, the defendant moved for a dismissal of the complaint without stating the grounds therefor, and upon the refusal of the court to grant the motion, took an exception. After the evidence was all in, the court directed a verdict for the plaintiff, to which direction the defendant also took an exception. These two exceptions present the material points in the case.

No request was made by either party to go to the jury upon questions of fact, and the only question presented by the exceptions is whether, upon any view of the evidence, the plaintiff was entitled to recover. No objection that any evidence was inadmissible under the pleadings was made, and the action was tried and decided upon the whole case as presented by the proof without objection. From that it appeared that one F. F. Wilder purchased of the plaintiff a diamond of the value of \$500, and delivered to her in payment therefor a check signed by himself, and reading with its indorsements, as follows:

"JERSEY CITY, N. J., January 1, 1883.

"First National Bank pay to myself or order five hundred dollars.

"F. F. WILDER.

Certified: "First National Bank Jersey City. Payable at the American Exchange National Bank, New York.

OMBERSON."

Indorsed: "T. LYNCH, R."

This check was not indorsed by Wilder. Omberson was assistant cashier of the defendant, authorized to certify checks, and certified the one in question on June 1, 1883, at the request of the drawer, while still in his possession, and who at that time had funds in the bank.

Upon this evidence it is clear that there was no contract made between Wilder and the plaintiff whereby any transfer of the deposit in the bank was intended to be made beyond that which would follow the mere delivery of the check. The action can be supported only by proof that all of the conditions, upon which the authority of the bank to pay the check was made to depend by the drawer have been performed. *Freund v. Bank*, 76 N. Y. 357. It therefore seems to us that the only question in the case is whether the bank could be made liable to pay to third persons Wilder's funds by any transfer of this check, except one evidenced by the indorsement of his name thereon. It is well settled by authority that the mere drawing and delivery of a bank check to a third person by a depositor does not constitute an assignment to the payee therein named of the fund held by such bank. *Bank v. Bank*, 46 N. Y.

* Affirming 36 Hun, 644.

82; *Bank v. Hughes*, 17 Wend. 94. A check is analogous to a bill of exchange, and a bank cannot be made liable thereon, except by its acceptance indorsed upon it in writing. *Risley v. Bank*, 83 N. Y. 318. An acceptance of the check, however, was made by the bank, we think, when, through its agent, it indorsed thereon a certificate of genuineness, and directed its payment by the American Exchange National Bank. That operated as a promise to pay it upon presentation at the American Exchange National Bank, bearing Wilder's indorsement. The obligation of the bank as shown thereby amounts to a representation that the drawer has funds in the bank with which to pay the check, and that it will retain and pay them to the holder by its agency in New York upon its presentation there bearing the indorsement of the drawer. *Bank v. Bank*, 14 N. Y. 623, 16 N. Y. 125, 28 N. Y. 425; *Bank v. Bank*, 67 N. Y. 458, 460; *Clews v. Bank*, 89 N. Y. 418. Such a contract the bank had a right to make, limiting its liability to an order properly indorsed by the depositor, or his payor, and the depositor had the right to impose upon the bank the condition that his money should be paid out by it only upon a check indorsed by himself or its payee. If the bank should disregard such a requirement, it would do so at its own risk; but the holder has no legal right to impose such a liability upon it against its consent. It would certainly add much to the hazard of the transmission of funds by check, draft, or otherwise, through the mail or express, if the banks or agencies upon which they were drawn should be compelled to pay them to the holder by an action at law, where they do not bear upon their face the evidence of the performance of the condition upon which the drawer has authorized their payment.

It was held in *Freund v. Bank*, *supra*, that a certification by the bank of a check in the hands of a holder who had purchased it for value from the payee, but which had not been indorsed by him, rendered the bank liable to such holder for the amount thereof. By accepting the check the bank took, as it had the right to do, the risk of the title which the holder claimed to have acquired from the payee. In that case the bank entered into a contract with the holder by which it accepted the check, and promised to pay it to the holder, notwithstanding it lacked the indorsement provided for, and it was held that it was liable on such acceptance upon the same principles that control the liabilities or other acceptors of commercial paper. In the case at bar the certification of the bank was made at the request of the drawer, and was subject to the condition imposed by him, plainly written in the check, that it should not thereafter be payable except by his indorsement.

The relation existing between a bank and its depositor is that of debtor and creditor, and the bank holds the fund subject to be paid out upon the direction of the creditor according to the terms and conditions imposed by him. *Bank v. Bank*, 46 N. Y. 82; *Crawford v. Bank*, 100 N. Y. 56, 2 N. E. Rep. 881. The bank's protection in the payment of checks consists in the fact that it has followed strictly the depositor's directions in disbursing his funds. Where a depositor has imposed the condition that his check shall not be paid without it bears his indorsement, the depository, if it pays it to a holder without such indorsement, runs the risk of the transaction, and takes the burden of showing that such holder has acquired in some way the lawful title to receive the funds. It may successfully defend such a payment, if it can show that it made it to a person who, as against the drawer, was legally entitled to receive it, for in that event the drawer would suffer no damage thereby.

It was held in *Risley v. Bank*, 83 N. Y. 318, that a parol contract by a depositor for the transfer of the whole or any part of his deposit is valid

in law, and invests the transferee with the right to sue for and recover the amount of such deposit, or such part thereof as was intended to be transferred. It was also held in the same case that a depositor might, concurrently with the delivery of a check to a third person, enter into such a contract by parol as would transfer the fund represented by the check to the person named therein. In such a case the liability of the depository is not predicated upon the check, but that is used in connection with the parol agreement as evidence of the contract transferring the debt. *Bank v. Bank*, 21 N. Y. 490; *Risley v. Bank*, *supra*. The action arises upon the contract of assignment, and not upon the check.

We are of the opinion that the evidence in this case did not authorize the trial court to find that Wilder intended to transfer any part of his deposit to the plaintiff, and there is no other theory upon which the action can, under the evidence, be maintained. The verdict was therefore improperly directed for the plaintiff. The judgment of the court below should be reversed, and a new trial ordered, with costs to abide the event.

(All concur, except EARL, J., not voting.)

LEGAL MISCELLANY.

BANKS—REDUCTION OF CAPITAL.—When a national bank has reduced its capital stock by a surrender of a proper proportion of stock by the stockholders, and has placed certain assets in its suspended debt from which a sum of money has been realized, a stockholder cannot compel a distribution of that money. [*McCan v. First National Bank of Jeffersonville*, S. C. Ind.]

BILLS AND NOTES—CONDITIONAL DELIVERY.—In a suit on a negotiable note between the original parties, parol evidence is admissible to prove that it was to become operative only on the happening of a future event, as its execution by some other person. [*Merchants' etc. Bank v. Lucknow*, S. C. Minn.]

BUILDING ASSOCIATION—BY-LAWS—FINES.—A building association under the laws of Pennsylvania, can only impose fines by virtue of its by-laws enacted for that purpose. The validity of such by-laws depends upon whether they are reasonable or not. [*Lynn v. Freemanburg, etc. Ass'n*, S. C. Penn.]

GAMBLING—OPTION CONTRACTS.—Where one puts money in the hands of another to sell grain for future delivery, he cannot recover it from the agent on the ground that the contracts made by him were illegal, when the State law only makes options to sell or buy at a future time illegal. [*White v. Barber*, U. S. S. C.]

NEGOTIABLE INSTRUMENTS—DEMAND—NOTARY PUBLIC.—If a notary public shall go to the place of business of the acceptor to demand payment of a bill of exchange, and finds it closed, his demand is effectual, although it is in evidence that the acceptor had previously made an assignment and mortgage on his property. [*Sulzbacher v. Bank*, S. C. Tenn.]

TELEGRAMS—DELIVERY—DAMAGES.—Where the agent of a telegraphic company delays the delivery of a message notifying a branch

bank of the assignment of its principal, during which delay the agent draws out his money and that of his principal, and other money is paid out, the telegraphic company is liable for the money so paid out. [*Stiles v. Western, etc. Co.*, S. C. Ariz.]

USURY—DEFENSE—OTHER TRANSACTIONS.—Usury is one transaction and cannot be set up as a defense in a suit on other transactions. [*Taylor v. Breisch*, S. C.]

GUARANTY—ACCEPTANCE.—When a guaranty is absolute, notice of its acceptance by the guarantee is not necessary in order to bind the guarantor. [*Wise v. Miller*, S. C. Ohio.]

INTEREST—RATE OF INTEREST.—Where no rate of interest is stipulated in a note, it bears interest after maturity at the rate of six per cent. per annum, falling within the provision of the statute which prescribes that rate of interest for "money due upon an instrument in writing." [*Gale v. Cory*, S. C. Ind.]

BILLS AND NOTES—ALTERATION—SURETY.—Where a party gives his notes for his debt, signed by another as security, and after the latter fails to negotiate them he erases his signature as surety and signs as indorser, the payee is not thereby relieved from liability on them. [*Lynch v. Hicks*, S. C. Ga.]

BILLS AND NOTES—KNOWLEDGE OF EQUITIES—RECOVERY.—A purchaser of negotiable paper, with knowledge of equities, can recover its face value when his vendor purchased it for value before maturity without knowledge of any equities. [*Butterfield v. Town of Ontario*, U. S. C. C. (N. Y.)]

BILLS AND NOTES—TRANSFER AFTER MATURITY—CREDITS.—Where the payee of a promissory note has indorsed it to A after maturity, who subsequently indorsed it to B, payments made to A without knowledge of the transfer to B are no defense to a suit by B on the note against the maker, under Oregon laws. [*Adair v. Lenox*, S. C. Oreg.]

BONDS—INTEREST—PAYMENT IN SCRIP.—Where bonds on a railroad provide that the interest is payable annually on July 1, and if the road does not earn enough to pay the interest, scrip may be issued in payment, unless, on July 1, the company exercises its option, the holder has a right of action for his money. [*Texas, etc. R. Co. v. Marlcor*, U. S. S. C.]

NEGLIGENCE—BANKS—JURY.—A draft was drawn and sent to a bank. It was accepted and made payable October 26. It was not paid and was returned by the bank November 30, and the acceptors failed December 1, but it was not shown that the acceptors were always solvent from October 26 to December 1: *Held*, the question of negligence by the bank was for the determination of the jury. [*Fox v. Davenport National Bank*, S. C. Iowa.]

PAYMENT—CHECK—AGENT.—When a check is given to an attorney to pay a mortgage, which he has to collect, and he deposits the check to his credit and it is paid, the mortgage is thereby paid. [*Harbach v. Colvin*, S. C. Iowa.]

PRINCIPAL AND AGENT—DUTIES OF AGENT.—When a party agrees to purchase stocks for another, he is only bound to deliver the stock so purchased, but if he delivers other stock, he must deliver it at the same cost. [*Keyes v. Bradley*, S. C. Iowa.]

BANKS—ACCOUNTS BETWEEN—LIEN.—Where two banks have for years been sending each other notes for collection, keeping an account current and crediting to the transmitting bank the proceeds of notes

collected, and balances were remitted when called for, and upon the face of the notes the banks seemed to own them, there is a lien for a general balance of account, no matter who may be the real owner of the paper. [*Carroll v. Exchange Bank*, S. C. App. W. Va.]

BANKS—OFFICIAL DEPOSITS.—A bank is not responsible to the beneficiaries of funds held by clerks of courts and deposit in such banks to the credit of the cause to which they appertain. When the funds are withdrawn in the usual way by the officers who made the deposits, the liability of the bank is at an end. [*State National Bank v. Reilly*, S. C. Ill.]

GUARANTY—PAYMENT.—Part payment of a note by the guarantors thereof, upon agreement with the holders that it should not be deemed payment for or on account of those primarily liable thereon, but should be kept alive for the benefit of the guarantors, does not discharge the makers *pro tanto*. [*Granite, etc. Bank v. Fitch*, S. J. C. Mass.]

BANK BILLS.

PERMANENT SECURITY FOR NATIONAL BANK CIRCULATION.

SEC. 1. That the Secretary of the Treasury is hereby authorized to issue bonds of the United States, redeemable in coin, in two series, and of such denominations as he shall deem proper, to the amount of one thousand million dollars, with interest on the first series, payable quarterly, on the first days of January, April, July and October, and on the second series, payable semi-annually, on the first day of January and July.

SEC. 2. That the first series shall bear interest at the rate of three per centum per annum, and be exchangeable only for bonds surrendered of equal amount, bearing four and one-half per centum interest, and when exchanged for four and one-half per centum interest bonds they shall be made payable on the first day of January or July, as the case may be, nearest to three times the unexpired term the bond so surrendered shall have yet to run before maturity. When exchanged for bonds bearing four per centum interest, they shall be made payable on the first day of January or July nearest to double the unexpired term of the bond so surrendered.

SEC. 3. That the second series of bonds shall not exceed three hundred million dollars in amount, and they shall bear interest at the rate of two and one-half per centum per annum, and be payable fifty years from the first day of January or July next preceding the date of their issue, and be exchangeable at their face value for lawful money, national bank currency or silver certificates.

SEC. 4. That all bonds so surrendered shall be canceled. The registered bonds of either series shall be received on deposit by the Treasurer of the United States to secure national deposits, and also to secure the circulating notes of national banking associations under section 5,159 of the Revised Statutes of the United States, and such banking associations shall be entitled to receive from the Comptroller of the Currency on such deposit, notes, as provided by law, equal in amount to the par value of bonds issued under the provisions of this act, and so deposited with the Treasurer: *Provided*, That if at any time the market value of such bonds, of either series, shall be below their par value, the Comptroller of the Currency may require banking associations to deposit

additional bonds of the United States sufficient to equal in value the amount of their circulating notes outstanding; and in no case shall notes be issued to any association in excess of the market value of its bonds deposited with the Treasurer for the purpose of securing its circulation, nor when the amount of such notes outstanding shall be in excess of the market value of the bonds so deposited.

SEC. 5. That the duty provided for in section 5,214 of the Revised Statutes shall be one-quarter of one per centum for each half year on all the circulating notes secured by the deposit of bonds issued under the provisions of this act.

SEC. 6. That the money arising from the sale of the second series of bonds issued under the provisions of this act shall be reserved and used for the redemption or purchase of United States bonds now outstanding and drawing four and four and one-half per centum interest, and for no other purpose. And it shall be lawful for the Secretary of the Treasury to purchase and cancel, from time to time, in his discretion, at their market value, said last-named bonds, out of said moneys, in such amounts as he shall deem advisable. *Introduced by Hon. D. B. Culbertson, Texas.*

RETIREMENT OF BONDS.

SEC. 1. That the compulsory requirement of deposits of United States bonds with the Treasurer of the United States by national banks is hereby limited in amount to \$1,000 of bonds for each and every national bank: *Provided*, That the voluntary withdrawal of bonds for the retirement of national bank notes shall not exceed the sum of \$3,000,000 in any one month, without the approval and consent of the Secretary of the Treasury: *And provided further*, That this act shall not apply to the required deposits of bonds to secure deposits of public moneys in the national banks.

SEC. 2. That on surrender by a national bank of any sum of its circulating notes by the required deposit of lawful money with the Treasurer of the United States for their redemption, the entire liability of the said bank for its said surrendered notes shall utterly cease, and they shall be redeemed by the said Treasurer for account of the United States and destroyed as now provided by law; and this act shall be construed to determine the liability of national banks which have heretofore thus lawfully surrendered any or all of their circulating notes; but no national bank shall be required nor denied the right to appoint an agent, at its own expense, to witness and attest the destruction of its redeemed and canceled notes.

SEC. 3. That in lieu of the fund of lawful money heretofore set apart for the redemption of the surrendered notes of national banks, amounting to the entire sum unredeemed of said surrendered notes, the Treasurer of the United States, under advice and direction of the Secretary of the Treasury, shall establish a reserve fund of lawful money in amount not less than five per centum nor more than twenty per centum of the entire sum unredeemed of the said surrendered notes.

SEC. 4. That all acts and parts of acts inconsistent with the provisions of this act are hereby repealed. *Introduced by Hon. Beriah Wilkins, Ohio.*

LIABILITY OF SHAREHOLDERS.

SEC. 1. That section 5,151 of an act entitled "An act to revise and consolidate the statutes of the United States in force December 1, 1873," be amended so as to read as follows:

"SEC. 5,151. The shareholders of every national banking association

organized on and after March 5, 1889, shall be held severally and jointly liable for all contracts, debts, and engagements of such association. The shareholders of every national banking association now organized shall be held individually liable, equally and ratably, and not one for another, for all contracts, debts, and engagements of such association, to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such shares, except that shareholders of any banking association now existing under State laws, having not less than \$5,000,000 capital actually paid in and a surplus of twenty per centum on hand, both to be determined by the Comptroller of the Currency, shall be liable only to the amount invested in their shares; and such surplus of twenty per centum shall be kept undiminished and be in addition to the surplus provided for in this title, and if at any time there is a deficiency in such surplus of twenty per centum, such associations shall not pay any dividends to its shareholders until the deficiency is made good; and in case of such deficiency the Comptroller of the Currency may compel the association to close its business and wind up its affairs, under the provisions of chapter four of this title." *Introduced by George E. Seney, Ohio.*

COIN CERTIFICATES.

SEC. 1. That any person may deposit at any mint or assay office of the United States, gold or silver bullion or both in quantities not less than five ounces of gold or eighty ounces of silver, and demand and receive therefor coin certificates representing one dollar for twenty-five and eight-tenths grains of gold, and one dollar for 412½ grains of silver; *Provided*, That the gold and silver bullion so deposited shall contain by weight in one thousand parts nine hundred parts of pure metal. And the Secretary of the Treasury shall prepare proper certificates and furnish the same to the various mints and assay offices of the United States, to be exchanged for gold and silver bullion as herein provided.

SEC. 2. That the certificates issued under this act shall be in such denominations as the Secretary of the Treasury may prescribe: *Provided*, That no certificate shall be issued of a less denomination than two dollars, nor of a greater denomination than \$1,000. Such certificates shall be redeemable at the Treasury of the United States, or any of the sub-treasuries thereof, under regulations prescribed by the Secretary of the Treasury, in either gold or silver bullion, at the option of the United States.

SEC. 3. That the bullion received under the provisions of this act shall be melted into bars, under such regulations as the Secretary of the Treasury may prescribe: *Provided*, That at least seventy-five per centum thereof shall be melted into bars of not less than eight thousand ounces weight, and be deposited in the treasury or any sub-treasury, mint, or assay office of the United States, in such manner as the Secretary of the Treasury may direct.

SEC. 4. That the coin certificates issued under the provisions of this act shall be a legal tender at their nominal value for all dues, public and private, except where otherwise expressly stipulated in contracts heretofore made, and when received by the United States, except for the purpose of redemption, shall be reissued.

SEC. 5. That no gold or silver certificates shall hereafter be issued, and when any of either the gold or silver certificates now outstanding shall be received by the United States, except for the purpose of being redeemed, they shall be canceled and coin certificates issued in lieu thereof.

SEC. 6. That no gold shall hereafter be coined, except what may be necessary in payment of the obligations of the United States expressly made payable in coin; and no more silver shall be coined than is necessary to use in payment of obligations of the United States expressly made payable in coin, and for actual circulation among the people. The Secretary of the Treasury shall have power to regulate the amount of coinage authorized by this section.

SEC. 7. That no seigniorage or charge of any kind shall be imposed for assaying or refining at the mints and assay offices of the United States, bullion deposited under the provisions of this act.

SEC. 8. That the provision of the act of February 28, 1878, entitled "An act to authorize the coinage of the standard silver dollar and to restore its legal-tender character," requiring the purchase of not less than two nor more than four million dollars' worth of silver per month, and all acts or parts of acts in conflict with this act are hereby repealed. *Introduced by Hon. William Woodburn, Nevada.*

SEC. 1. That any holder of gold or silver coin or bullion may deposit the same with the Treasurer or any Assistant Treasurer of the United States, in sums of not less than ten dollars, and receive therefor United States coin certificates, at the rate of one dollar for each $412\frac{1}{2}$ grains of silver or twenty-five and nine-tenths grains of gold, of standard fineness, so deposited; and such certificates, when issued, shall be receivable for all taxes and customs, and shall be legal tender at their nominal value for all debts, public and private.

SEC. 2. That the Secretary of the Treasury is hereby authorized and required to prepare certificates of the kind and character specified in the preceding section, and in such amounts as may be required, which certificates shall be of like denominations as United States notes (known as "greenbacks"), and shall be issued for all deposits of coin and bullion as specified in the preceding section.

SEC. 3. That all gold and silver coin and bullion deposited under the provisions of this act shall thereby become and be the property of the United States, and shall be held and used for the redemption of the certificates issued under the provisions of this act.

SEC. 4. That all certificates issued under the provisions of this act shall be redeemed upon presentation thereof at any sub-treasury of the United States, in gold or silver coin of the present legal weight and fineness.

SEC. 5. That it shall be the duty of the Secretary of the Treasury to cause a sufficient amount of the gold and silver bullion deposited under the provisions of this act to be coined to effect and carry out the provisions of section 4 of this act. *Introduced by Hon. Spencer O. Fisher, Michigan.*

TAXATION OF CIRCULATING NOTES.

SEC. 1. That so much of section 3,412 of the Revised Statutes of the United States, and of sections 19, 20, and 21 of an act of Congress entitled "An act to amend existing customs and internal revenue laws, and for other purposes," approved February 8, anno Domini, 1875, as provides for a tax of ten per centum upon the amount of circulation of notes of banks and banking associations chartered by or under the laws of any State, be, and the same is hereby repealed; and hereafter no higher or other rate or percentage of taxation shall be imposed upon the issue and circulation of the notes of State banks and State banking associations, by whomsoever issued, paid out, or circulated, than is or shall be imposed upon the issue and circulation of the notes of national banking associations. *Introduced by Samuel Dibble, South Carolina.*

That section 3,412 of the Revised Statutes of the United States be, and the same is hereby repealed. *Introduced by Hon. John S. Henderson, North Carolina.*

SECURITY FOR CIRCULATING NOTES.

SEC. 1. That any national bank now organized may deposit with the Secretary of the Treasury gold or silver coin of a denomination not less than one dollar, equal in amount to the par value of the bonds of the United States now deposited by such bank, or may deposit gold or silver bullion sufficient in value, at current prices, to be determined by the Secretary of the Treasury, to equal the par value of the bonds deposited by such bank, and when such deposit of gold or silver coin, or gold or silver bullion, shall have been made, the Secretary of the Treasury may deliver up to such bank the bonds deposited by it.

SEC. 2. That any national bank hereafter chartered may, in lieu of the deposit of bonds as now required, deposit gold or silver coin of a denomination not less than one dollar, or gold or silver bullion, at current prices, to be determined by the Secretary of the Treasury, equal in amount to the par value of bonds as now required by law, and may issue notes equal to ninety per centum of the value of such coin or bullion so deposited.

SEC. 3. That any national bank now or hereafter chartered may increase its circulating medium to the maximum amount now authorized by law, upon depositing gold or silver coin, or gold or silver bullion, with the Secretary of the Treasury, subject to the same provisions as to denomination and value as are provided in sections one and two of this act.

SEC. 4. That deposits under this act may be made at any sub-treasury of the United States, under such rules and regulations as the Secretary of the Treasury may from time to time prescribe. *Introduced by Samuel R. Peters, Kansas.*

FRACTIONAL PAPER CURRENCY.

SEC. 1. That the Secretary of the Treasury is hereby directed to prepare and issue fractional paper currency to the amount of \$75,000,000, in denominations of ten, fifteen, twenty-five, and fifty cents, of like form with those heretofore issued by the Treasury, and under the safeguards provided in sections 3,574, 3,575, 3,576, 3,577, and 3,578 of the Revised Statutes of the United States.

SEC. 2. That the fractional paper currency provided for in this act shall, in the first instance, be paid out at the Treasury or sub-treasury in exchange for lawful money, and thereafter as other current funds.

SEC. 3. That the fractional notes provided for in this act shall be receivable at their face value for all dues, public and private, in sums not exceeding five dollars. *Introduced by Hon. J. B. Weaver, Iowa.*

SEC. 1. That the Secretary of the Treasury be, and he is hereby authorized and directed to issue fractional silver certificates, in denominations of ten, fifteen, twenty-five, and fifty cents, of approved form and paper, and in amount not exceeding — million dollars.

SEC. 2. That the said fractional silver certificates to be paid out at the Treasury and sub-treasuries in exchange for silver coin, and redeemed in like coin when presented in multiples of ten dollars, and shall be receivable for all dues, public or private, in sums not exceeding five dollars. *Introduced by Hon. Beriah Wilkins, Ohio.*

ISSUE OF CIRCULATING NOTES.

SEC. 1. That any national banking association in existence as such at the time of the passage of this act, or who may thereafter deposit United

States bonds bearing interest, in the manner required by law, shall be entitled to receive from the Comptroller of the Currency circulating notes not exceeding the par value of the bonds so deposited, in manner and in denominations as are provided by law: *Provided*, That at no time shall the total amount of such circulating notes exceed the actual paid-in capital of such association; and that all laws or parts of laws inconsistent with this act be, and the same are hereby repealed. *Introduced by Hon. Smedley Darlington, Pennsylvania.*

SEC. 2. That any national banking association accepting the provisions of this act is prohibited from selling or disposing of bonds deposited to secure circulation until the maturity of said bonds: *Provided*, That nothing in this act shall prevent a bank from selling its bonds to redeem its circulation for the purpose of surrendering its charter and retiring from business.

SEC. 3. That any national bank selling its bonds after the passage of this act forfeits its right thereafter to the additional circulation provided for in this act. *Introduced by Hon. Smedley Darlington, Pennsylvania.*

TO PREVENT CONTRACTION OF THE CURRENCY.

That whenever any national bank notes shall be surrendered, the Secretary of the Treasury shall issue an equivalent amount of Treasury notes of the same denominations and deposit the same in the Treasury, to be paid out as other moneys belonging to the Government. The notes so issued shall be receivable for all salaries due from, and all dues to the Government, including import taxes, and shall be redeemed and reissued as now provided by law for other Treasury notes. *Introduced by Hon. Thomas C. McRae, Arkansas.*

LOANS ON REAL ESTATE.

SEC. 1. That the laws heretofore passed, authorizing the establishment of national banks, be so amended as to allow said national banks to take liens upon real estate as security for advances or loans of money.

SEC. 2. That no national bank shall take real estate for advances or loans made for more than one-half of the market value of such real estate. *Introduced by Hon. John D. Stewart, Vermont.*

That section 62 of an act relating to national banking associations shall be so amended that national banks may take mortgage coupon notes secured on farm, town, and city property, as collateral security for promissory notes, drafts, bills of exchange, and other evidence of debt, discounted. *Introduced by Hon. Smedley Darlington, Pennsylvania.*

INTEREST.

That section 5,198 of the Revised Statutes be, and the same is hereby so amended as to repeal the forfeiture of interest therein imposed, and in lieu thereof it is now enacted that the forfeiture shall be the same as is or shall be provided by the laws of the State or locality where the transaction is had. *Introduced by Hon. Polk Laffoon, Kentucky.*

RESERVE.

That every association in a reserve city, or in a central reserve city, shall at all times have on hand lawful money of the United States equal to at least twenty-five per centum of its deposits and other liabilities payable on demand, and every other association shall at all times have on hand lawful money of the United States equal to at least fifteen per centum of its deposits and its liabilities so payable. But no association is required to keep on hand lawful money on account of Government deposits. *Introduced by Hon. Beriah Wilkins, Ohio.*

TAXATION OF PERSONAL PROPERTY.

[EXTRACT FROM REPORT OF MD. COMMISSION, AND CONCLUDED FROM MARCH NO.]

NEW YORK.

Let us turn to New York State, where full returns are easily accessible. For many years attention has been called, by commissions and administrative officers, to the defective assessment of personal property in that commonwealth, but what have been the results of their admonitions? While no one doubts that personal property in that State has been increasing steadily, and with great rapidity, there has been a constant decline in the proportion of public burdens born by personalty. "In 1869 real estate contributed seventy-eight per cent. of the public revenue, and personal property paid twenty-two per cent.; while in 1879 real estate was made to pay eighty-seven and eight-tenths per cent., and personal property only twelve and two-tenths per cent. of the whole tax. It would be difficult to show that the value of personal property has not increased to a larger extent in the past ten years than real estate."*

This decrease in the assessed valuation of personalty has continued from 1878 to 1880; the decrease in round numbers was thirty millions of dollars; from 1880 to 1881 there was an increase of twenty-nine millions, which was, however, more than counterbalanced by a decreased valuation of nearly thirty-six millions in 1882.

The New York assessors say in their report for 1881, that "banking capital is assessed fully eighty-five per cent. of its nominal value, while it is quite evident that other personal property is assessed at an average of less than ten per cent." And in another place they use these words: "As it is an acknowledged fact that the assessable personal property in the State equals, if it does not exceed, the real value of the real estate, demanding a large share of the attention of the Legislature and Courts for its protection, and yielding quite as much profit to the owner as real estate, it should be made to bear more of the burdens of taxation.

WHO PAYS TAXES ON PERSONAL?

"The answer to this question is to be found in the assessment rolls of the cities and towns, and is disgraceful to the commonwealth. Women, heirs, executors, administrators, guardians and trustees of persons of unsound mind, are assessed beyond all measure of justice.

"A man dies, leaving in personal property an amount, the interest of which is barely sufficient with rigid economy to support the widow. The records of the surrogate or the publication of loss by a life insurance company, reveals the fact, and the assessor, bound by his oath to be 'diligent' in his inquiry for personal property, enters the full amount on his roll; and if in a city, the tax 'of from two to four per cent. must be paid from the amount already too small to provide the necessities of life.

"This same assessor, however, if not forgetting his oath when inquiring of the wealthy neighbor as to his personal, very likely accepts the negative answer as truthful, though it is well known to the community that he possesses large means.

"The one has not yet learned how to cover the personal property by an assumed indebtedness, while the other is well versed in the many devices by which he may escape even the 'diligent' assessor.

* Governor's Message, 1881.

"This is no fancy picture. Many cases of hardship in assessing personal property have come to our notice. Here is one: A man in comfortable circumstances, with a business giving him a good support becomes insane. His business is placed in the charge of a trustee, who converts his effects into money. Awaiting a better opportunity for investment, the amount is deposited in a savings bank at four per cent. interest, the only means of support for the wife and family.

"The assessors placed the full amount thus deposited on the assessment roll, and yet they could truthfully say that they had not violated the law in so doing.

"The common practice of many is to create an indebtedness to bridge over the 1st of July, after which the assessor cannot reach the party for personal assessment.

"It must, however, be patent to every one that has given any attention to this matter of the assessment of personal property, that the present practice is a farce, and should no longer be tolerated."

Governor Hill refers as follows to the subject of taxation, in his annual message for 1886:

"It is believed that the tax laws of the State need a thorough revision. The present system of taxation has existed for years with few changes, and, comparatively, little improvement. Every radical modification seems to have been stoutly resisted, irrespective of its merits and propriety.

"It is evident that the personal property of the State does not pay its just proportion of taxes, and the disparity in the assessed valuation of personal and real property verifies the statement that the statutes governing the appraisal and assessment of personal property are to a great extent defective, and do not reach the great bulk of personalty for the purposes of taxation.

"For years the State Assessors have directed public attention to the fact that the personalty of the taxpayers was escaping assessment, yet there has been a shrinkage from 1871 to 1884 (not inclusive), of \$107,184,371.

"The loss has been upon the assessment rolls alone, for the personal property of the citizens of the State has greatly augmented during the same period. The wealth of the State has increased with its population and resources, and if the personal property does not show an increase upon the assessment rolls, it may be accounted for in part by a lax administration of existing laws, but it mainly may be attributed to the defects in the laws themselves.

That such laws are inoperative to reach personal estate is evident by the mere statement of the fact that while—according to the last report of the State assessors—the assessed valuation of the real estate of the State is \$2,669,173,011; the valuation of the personal estate is only \$345,418,361, or about one-eighth of the realty.

"It is reasonable to believe that if our present tax laws were reformed and placed upon some true and consistent theory, the assessment of the personalty would nearly equal the assessment of the realty, and thereby the present unjust burdens upon real estate would be greatly alleviated."

STATEMENT OF THE ASSESSED VALUATION OF PERSONAL PROPERTY IN OTHER STATES.

"In 1880 the assessed valuation of personal property in the State of Massachusetts was \$473,596,730, aggregating \$151,128,018 more than the valuation of the personal in the State of New York in that year.

"In the above named year, the assessment of said property in the State of Ohio was \$440,682,803, aggregating \$118,214,091 more than the assessment of the personal in New York in said year.

"In Ohio, the personal paid about forty-two per cent. of the State tax. In Massachusetts, it paid about forty-two and sixty-one one-hundredths per cent. In Indiana, with a personal valuation of \$189,131,892, it paid about thirty-five per cent. In Illinois, with a personal valuation of \$211,175,341, it paid about thirty-seven per cent., while the Empire State, embracing the city of New York, wherein is concentrated and owned a large share of the wealth of the nation, the personal paid in the aforesaid year of 1880, about fourteen per cent. of the State tax, and in the year 1884, only eleven and forty-seven one hundredths of said tax.

"Bearing on the question of personal taxation, the *New York Times* of July 7, 1885, says: 'There is scarcely a doubt that the wealth held in this city in the forms classed as personal property greatly exceeds that held in real estate. . . . 'There is no doubt that twenty-five men in this city could be named, whose wealth in personal property alone exceeds the entire valuation of that class of property as shown on the assessment-rolls.'

"Now, if the above statement is correct, viz., that the personal property held in New York city greatly exceeds that held in real estate, the following statement of the assessed valuation of the real and personal in that city, in 1884, suggests that a mere trifle of the personal property of its citizens is spread upon its assessment rolls, for the purpose of State or local taxation. Assessed valuation of the real estate in New York city in 1884 was \$1,119,761,597. Assessed valuation of personal property in 1884 was \$181,504,533. The *New York Tribune* of July 18, 1885, says . . . 'The wealth of New York city is exceeded by the valuations of only four States in the Union—New York, Massachusetts, Ohio and Pennsylvania.'

STATEMENT SHOWING THE AMOUNT OF STATE TAXES PAID BY THE
REAL AND PERSONAL OF THE SEVERAL COUNTIES IN 1884, THAT
EMBRACE THE PRINCIPAL CITIES OF THE STATE.

The county and city of New York paid State tax as aforesaid, as follows:

On its assessed valuation of real, \$3,072,104.54.
On its assessed valuation of personal, \$508,681.22.
The real estate paid of said tax, 83 44-100 per cent.
The personal paid, 16 56-100 per cent.

The county of Kings, including the city of Brooklyn, paid State tax as follows:

On real estate, \$731,031.45.
On personal property, \$34,392.69.
The personal paid of said tax, 4 69-100 per cent.
The real paid, 95 31-100 per cent.

The county of Monroe, including the city of Rochester, paid said tax as follows:

The real estate paid, \$165,232.95.
The personal paid, \$8,791.35.
The real paid of said tax, 94 68-100 per cent.
The personal paid, 5 32-100 per cent.

The county of Albany, including the city of Albany, paid State tax as follows:

On its assessed realty, \$183,529.64.
On its assessed personal, \$19,463.45.

The real paid of said tax, 89 40-100 per cent.

The personal paid, 10 60-100 per cent.

Erie county, including the city of Buffalo, paid State tax as follows:

On assessed realty, \$228,750.43.

On assessed personal, \$27,521.78.

The real paid of said tax, 87 97-100 per cent.

The personal paid, 12 3-100 per cent.

It is not then surprising that the Hon. Alfred C. Chapin, Comptroller of New York State, advocates a new system of taxation, and speaks of the present system as "the antiquated system now prevailing."

NEW HAMPSHIRE.

Hon. George T. Sawyer, as chairman of a special tax commission, made a report to the Legislature of New Hampshire in 1876, in which he estimates that from one-half to one-third of the personal property in that State subjected by law to taxation escapes, and he recommends radical changes in the tax laws.

CONNECTICUT.

The following remarks are quoted from the report of the special tax commission, made in 1887: "A comparison of the grand lists of the State from 1864 to 1885, as given in the table appended to this report, will show that the proportion of those intangible securities to other taxable property has steadily declined from year to year. In 1855 it was nearly ten per cent. of the whole; in 1865 about seven and one-half per cent.; in 1875, a little over five per cent.; and in 1885 about three and three-fourths per cent. Yet, during the generation covered by these statistics, the amount of State, railroad and municipal bonds, and of western mortgage loans, has very greatly increased, and our citizens have invested large sums in them in almost or quite every town in the State. Why then do so few put them into the tax list? The terms of the law are plain, and the penalties for its infringement are probably as stringent as the people will bear. Many attempts have been made from early times to create more effectual ones, but with little success. . . . The truth is that no system of tax laws can ever reach directly the great mass of intangible property. It is not to be seen, and its possession, if not voluntarily disclosed, can, in most cases, be only the subject of conjecture. . . . Such considerations as these, coupled with the results of an investigation of now nearly three years into the practical working of our tax system, have brought us to the conclusion that all the items of intangible property ought to be struck out of the list. As the law stands it may be a burden upon the conscience of many, but it is a burden on the property of the few; not because there are few who ought to pay, but because there are few who can be made to pay. Bonds and notes belonging to estates of deceased persons or infants are generally traced through the probate records, and brought into the tax list, but those held by an individual, are, for the most part, concealed from the knowledge of the assessors; nor do they, in most towns, make much effort to ascertain their existence. The result is that a few towns, a few estates, and a few persons of a high sense of honesty, bear the entire weight of the tax. Such has been the universal result of similar laws elsewhere."*

MARYLAND.

The defective assessment of personal property in Maryland is a matter so familiar to our citizens that it needs no lengthy treatment here.

* Report of the Special Committee of Connecticut on the Subject of Taxation, January session, 1887. Pages 23, 26, 27.

The Appeal Tax Court of Baltimore estimated in 1881 that fifty millions of dollars were in this city invested in United States bonds or other government securities, in addition to those used in banking. Now, these bonds can be openly manipulated in such manner as to render a large share of the personal property of Baltimore untaxable. They can pass from hand to hand, and debts can be created on them. It is customary for corporations and wealthy individuals to invest in bonds temporarily, to avoid taxation.

One of the questions propounded to the Appeal Tax Court of Baltimore, by the tax commission of 1881, was this: "To what extent do you succeed in reaching investments made by residents of this State, in private securities of any kind?" The answer was: "We utterly fail in reaching private securities of every description. Here and there only have they been returned by some conscientious holder." The city collector was asked this question by the same commission: "Does your experience enable you to suggest any effective way of collecting taxes on personal property?" He replied: "The collection of taxes on personal property is attended with so many and such insurmountable difficulties that I am at a loss what suggestion to make looking to a more effective collection."

It may be further remarked that the same tendency to reduce the relative assessment as the wealth of the taxpayer increases, is found in Maryland as well as in other States. It is seen even in the case of real estate, although the evil is, I think, not so marked with us as it is elsewhere. Nevertheless, a house worth two, three, four or five thousand, will in Baltimore, at any rate, be assessed for nearly its true selling value, and sometimes for more, while a house worth from thirty to eighty thousand or more, will probably not be assessed for over two-thirds its value, the owners arguing, and with some plausibility, that it could not be sold for what it cost. It may be doubted, however, whether the Legislature intended those whose means enables them to build houses so expensive that there is no market for them, to bear a smaller relative burden than others.

Testimony of this sort might be extended indefinitely, and from all parts of the country. I might quote the testimony of a taxpayer of Charleston, S. C., one of the largest taxpayers in the State, who told me that only a fractional part of personalty was reached, and that it was impossible to carry out the law with regard to that kind of property, as the tax would absorb so large a proportion of the income. This gentleman stated that he paid only on part of his personalty, but that the tax department was only too glad to get what he was willing to pay. I might refer to the published lists of taxpayers in Brooklyn and New York city, and call attention to the ridiculous assessment of personalty standing against names known far and wide for large wealth. I might call attention to a single estate whose representatives acknowledged a taxable personalty of thirty-three millions, but refused to pay on more than eight millions, under threats of withdrawing their property from the reach of the taxgatherer in the city. But this is entirely needless. The actual experience of our various American States and cities affords ample illustration. We must now turn from actual experience and ask whether there are any reasons in the nature of things which make experience what it is. It is not enough to show that a thing never has been done, to induce a rational man to desist from efforts to accomplish it, for we all know that brilliant success has often waited on him who refused to be convinced by a thousand failures. It is necessary to show that a thing cannot in all probability be done.

NEW YORK SAVINGS BANKS.

The report of the Hon. Willis S. Paine, Superintendent of Banks of New York, has been given to the Legislature. On January 1, 125 savings banks were in existence, of which seven were inactive, measures having been taken to wind up their affairs. The total amount of resources of the savings banks on January 1 was \$590,458,751; January 1, 1887, \$568,286,867, showing a net increase for the year, of \$22,171,884. The increase during the year 1886 was \$33,750,234, and during the year 1885 it was \$28,609,137. On January 1, 1878, the total amount of resources of the savings banks of the State was \$346,726,202, showing a net increase in ten years of \$243,725,549.

The savings banks of the State on January 1 had loans outstanding on bonds and mortgages amounting to \$193,764,194. The total sum of their mortgage loans on January 1, 1887, was \$169,972,875, the increase for the year being \$23,791,319. On January 1, 1878, the aggregate of such loans was \$107,973,299, showing an increase in ten years of \$85,790,895. Banks in New York city hold mortgages for \$115,102,416, an increase for one year of \$12,147,040. On January 1 the savings banks held securities in which they were entitled to invest, amounting at par value to \$279,112,054. The aggregate cost of such securities was \$298,020,822. The market value of the same was estimated at \$333,904,929, being \$35,884,107 in excess of cost, and \$54,792,905 in excess of their par values. The following table presents the aggregate of the several classes of securities held by the savings banks on January 1, 1887 and 1888, and the increase or decrease in the same during the year:

<i>Description.</i>	<i>Par value Jan. 1, 1888.</i>	<i>Increase.</i>	<i>Decrease.</i>
United States 3 per cent. bonds.....	.....	.....	\$1,511,000
United States 4 per cent. bonds.....	\$87,342,660	.....	694,250
United States 4½ per cent. bonds.....	21,834,500	.....	572,000
United States 6 per cent. bonds.....	23,527,000	497,000	.....
District of Columbia, 3 65s.....	3,774,000	41,000	.....
New York State.....	3,174,400	.....	1,062,800
States other than New York.....	24,546,402	4,392,471	.....
Cities in this State.....	96,984,157	1,873,973	.....
Counties in this State.....	10,225,175	.....	30,069
Towns in this State.....	5,447,681	895,262	.....
Villages in this State.....	2,256,049	253,323	.....
Total.....	\$279,112,024	\$7,953,029	\$3,870,119

The total estimated value of real estate held by the savings banks January 1 was \$7,736,103. Of this amount \$6,730,439 represents the aggregate estimated value of bank buildings. The remaining amount, \$1,005,664, is the estimated value of real estate which had been acquired under foreclosure proceedings. On January 1, 1888, the savings banks held \$5,776,043 in cash, and had \$33,630,607 deposited with State and national banks and trust companies incorporated under the laws of the State, making a total of \$39,406,650. On January 1, 1887, it was \$36,632,120, indicating an increase of \$2,774,530. The deposits held by the savings banks amounted to \$505,017,751. On January 1, 1887, they were

\$482,486,730, showing an increase during the year of \$22,531,021, which sum includes \$16,731,002 of accumulated interest, which was credited to depositors, leaving a net increase of deposits during the year, of \$5,800,019. During the year 1887 the savings banks received \$179,021,049 from depositors, and paid to them \$173,070,683.

The number of open accounts of depositors with savings banks on January 1 was 1,325,062; on January 1, 1887, it was 1,264,535, an increase during the year of 60,527. The average amount of each account January 1, 1888, was \$381.12. On January 1, 1887, it was \$381.55, showing a decrease in the average of each account of forty-three cents. The amount of interest allowed depositors during the year 1887 was \$16,731,002; for the preceding year it was \$15,777,022, an increase of \$953,980. The total expenses of the savings banks for the year 1887 were \$1,633,343; for the year 1886 they were \$1,590,967. The average cost for the care of each account during the past year was \$1.23; for the year 1886 it was \$1.26. Of the \$85,249,647 surplus at the beginning of the present year \$54,792,905 consisted of premiums on investments. The decline in the par surplus of the savings banks is a warning that their excess of annual income must be carefully guarded and possibly increased. As they are now receiving the maximum rates of interest on investments which the market affords, the inevitable tendency is toward a further reduction of the rate of interest to depositors.

The report concludes with a number of recommendations as to legislation, etc. The Superintendent urges the establishment of savings banks in localities where they do not exist, as an alleviation of the evils of pauperism. He deprecates the project to establish branch offices for savings banks, because it is not likely that any of the stronger ones, whose deposits are already increasing more quickly than desired, would take advantage of its provisions, and the smaller ones by so doing would reap no benefit, because the tendency of the savings banks depositors is to seek the largest and strongest institutions, and the distance therefrom is of very little consequence.

He advocates a limited tenure of office for savings bank trustees, suggesting that it would be wise to amend the law so that thereafter the board of trustees of any savings bank should consist of not less than sixteen members, and be divided by lot into four classes, of which the first shall serve one year, the second two, the third three, and the fourth class four years. As the terms of members in each class expire, vacancies should be filled by a three-fourths vote of all the members of the then existing board, and persons so elected should serve for four years.

He is opposed to widening the scope for the investment of funds by savings banks, but urges that discretion be allowed in the expenses connected with making a loan on real estate, on the ground that it costs less in rival institutions. A portion of the charge of the search, etc., might therefore be remitted to borrowers, in order to place the funds of the banks at an advantageous rate of interest.

Additional safeguards are proposed. The method of incorporation is changed and made analogous to that of the co-operative insurance associations. Fifteen or more persons may associate for the purpose of incorporation by signing and acknowledging a certificate setting forth the name of the association, the locality in which the business is to be transacted, maximum number of shares it may have at any one time outstanding, and its object, which must include the following purposes: "To encourage industry, frugality, home building and savings among its members, the accumulations of savings, the loaning of such accumulations to its members, and the repayment to each member of his saving

when a certain sum has been accumulated, or at any time when he shall desire the same, or the association shall desire the same." The capital shall not exceed \$1,000,000. The total number of shares outstanding at any one time must not exceed 10,000, which may be issued in yearly or half yearly series, and the matured value of each share is placed at \$200. Matters of detail business, such as the method of loaning money to shareholders, the amounts to be loaned, the proportional value and nature of security for loans, default in interest, the power to borrow and loan, and to purchase real estate, are all minutely regulated by the new statute.

Profits and losses are to be distributed at least annually and before issuing a new series of shares. Savings may be withdrawn on unpledged shares and the dividends thereon, on one month's notice to the secretary of the association, but more than one-third of the receipts of the association shall not be paid without the consent of the directors. Minors may hold shares in the name of parents or guardians as trustees. Married women may also become members or shareholders. Under prior acts minors could not purchase shares with the earnings or money of their parents, nor could a married woman purchase with the money or earnings that came from her husband. Exemption from execution and supplementary proceedings is allowed on the accumulations on shares of any person to the amount of \$600, and the associations are exempt from corporation taxation, the same as savings banks.

CONDITION OF THE NATIONAL BANKS OF NEW HAMPSHIRE.

There is no class of corporations in the State, with interests going into the millions, whose operations are conducted more quietly, skillfully and successfully, than are those of the national banks. Established during one of the most critical financial periods of the civil war, they encountered much opposition, and New Hampshire had her full share of grumblers; but the operation of the system for nearly a quarter of a century has won for it, at least in this State, almost universal commendation. The advantages of the National over the State banking system are so many that it would seem superfluous to enumerate them. The fact that no depositor in them has suffered to any extent, and no owner lost a share of stock in this State, is certainly as high a recommendation for them as could be desired.

Although capitalists have the same privilege of becoming owners of the stock as other people, yet it is a fact that a large number of holders are those of limited means, aged persons, widows and orphans. This has been curiously illustrated in part when men not shareholders, having been chosen directors, have endeavored to qualify themselves by purchasing ten shares each, as required by the United States laws, and have found difficulty in so doing. Joseph A. Stickney, the veteran cashier of the Great Falls Bank, says: "If women, guardians, trustees and men of advanced years continue to absorb our stock, it will be embarrassing by and by for those who desire to qualify for directors to purchase the stipulated number of shares." If Mr. Stickney's prediction should be verified, an easy way out of the matter would be to admit women to the directory. The fact, however, that women as well as children, through their guardians, are becoming so largely identified

with these banks, is one of the strongest proofs that they commend themselves to the confidence of the people at large. Since these institutions began to be established in the State, many heads of families who were among the original shareholders have passed away, but in numerous instances the stock continues undisturbed in the possession of the heirs.

An excellent feature of the system in New Hampshire is that not a share of the stock can possibly escape the local tax levied upon it on a par value basis. The surpluses of the banks are also taxed in the cities or towns where they are situated. The blanks that are annually distributed by the assessors contain a clause requiring every taxpayer, who has stock in any national bank in the State, to give in the same in detail under oath, while the cashiers make a sworn return of the same to the assessors in places where the owners reside. Shareholders living outside of the State pay their taxes to the localities where the banks are situated, and if they refuse so to do, the tax becomes a lien upon the dividends, or upon the stock if necessary. The First National Bank of Concord some years ago adopted the system of paying the tax as a whole, and declaring such dividends as it was able, free, but soon abandoned it, and we know of no banks in New Hampshire now pursuing that course.

The past year was a profitable one for the banks, there being a good demand for loans, with rates firmer and somewhat higher. The objection formerly made, that the banks possess too great an advantage in having interest-bearing bonds at Washington, and also the benefits of circulation, has disappeared from all reasonable minds. Many of our banks have voluntarily relinquished a part of their circulation, some retaining only the 25 per cent. required by their charters. Some have reduced on account of the tax on the circulation, and others for the purpose of realizing the large premiums on their bonds. In organizing new banks there is little encouragement to obtain circulation by purchasing bonds at the existing premiums. This is illustrated by the new Citizens' Bank at Newport, which took a circulation of only 25 per cent. While these institutions, as well as other corporations, meet with more or less losses, yet the instances in this State where banks have been unable to declare dividends, though small, have been few. As would be natural, directors take pride in having a strong surplus, even one above the 20 per cent. required by law, and hence dividends are sometimes passed in order to strengthen that account.—*Correspondence of Boston Journal.*



BOSTON BANKS.

There are in the State 252 national banks, having a combined capital amounting to \$95,940,500. These banks have on deposit with the Treasurer of the United States bonds to the amount of \$34,557,800. Since the origination of the national banking system, 266 banks have been established in the State, but fifteen have ceased to exist.

There are in Boston fifty-four national banks, having a capital of \$50,950,000. Their surplus fund amounts to \$12,592,035.50—which represents an increase of nearly a million dollars within the year—and their undivided profits to \$3,549,120.60. The outstanding circulation of these banks is \$8,854,500, a reduction of \$4,368,455 within twelve months. They hold as individual deposits the enormous sum of \$74,255,437.80, and their total liabilities reach the sum of \$188,159,071.56.

The local banks have out as loans and discounts, \$124,033,033.53, and have deposited to secure their circulation \$9,908,150 in bonds, and to secure deposits, \$1,555,000 in bonds. Their real estate is valued at \$2,924,685.92.

The national banks in the State at large have an aggregate capital of \$44,790,500. Their surplus fund amounts to \$14,226,514.11, and their undivided profits to \$4,170,526.94. The outstanding circulation is in the sum of \$21,459,692, a reduction of over five million dollars during the last year. The individual deposits amount to \$53,872,217.39, and their total liabilities are \$141,882,956.27.

The loans and discounts of the national banks in the State are \$91,685,052.03; the bonds deposited to secure circulation, \$24,064,250, and the value of their real estate, \$2,235,153.

No failure of a Massachusetts national bank has recently occurred, the last one having been the Abington National. This bank, however, not only paid the proved claims against it, principal and interest, in full, but there remained a surplus of \$75,229, which was returned to the shareholders upon the final settlement of its affairs.

The total number of shares of stock in the Boston national banks held by residents of the State is 475,571, while non-residents own 33,929. The number of shares of the par value of \$100 held by natural persons is 264,326; by religious, charitable, and educational institutions, 19,600; by municipal corporations, 231; by savings banks, loan and trust and insurance companies, 225,275; all other corporations, 68. The number of shareholders who are natural persons is 17,236; corporations, 3,235; resident shareholders, 18,203; non-resident, 2,268; total number of shareholders, 20,471. The number of shareholders owning specified amounts of stock is as follows:

Owning shares to the par value of \$1,000 and less, 11,309; over \$1,000 and less than \$5,000, 6,459; over \$5,000 and less than \$30,000, 2,578; over \$30,000, 125.

The same information for the State at large is as follows: Shares held by residents, 411,750; non-residents, 35,155; shares held by natural persons, 373,782; religious, charitable and educational institutions, 4,833; municipal corporations, 661; savings banks, loan and trust and insurance companies, 67,618; all other corporations, 11. Number of shareholders who are natural persons, 31,120; corporations, 794; shareholders who are residents, 28,965; non-residents, 2,949; total shareholders, 31,914. Number of shareholders owning specified amount of stock: Owning shares to the par value of \$1,000 and less, 22,931; over \$1,000 and less than \$5,000, 7,469; over \$5,000 and less than \$30,000, 1,450; over \$30,000, 64.

Lastly, we come to the money the national banks made during the last year, giving the Boston banks the first consideration.

The amount paid in dividends was \$2,726,063.20, while the net earnings were \$3,815,154.23. The dividends were 5.35 per cent. on the capital invested, and the net earnings were 6.05 per cent. on both capital and surplus fund. The amount charged off as losses was \$1,100,324.82.

For the banks in the State the dividends were \$3,096,870.64; the net earnings, \$3,953,254.15. The dividends were 6.89 per cent. on the capital, and the net earnings 6.71 per cent. on both capital and surplus. Amount charged off as losses, \$1,113,576.23.—*Boston Transcript*.

COLORADO NATIONAL BANKS.

The following account of the national banks of Colorado is taken from the *Denver Republican*. The figures are taken from the last report of the Comptroller of the Currency:

Forty national banks have been organized in this State, of which six have gone into voluntary liquidation, three into receivers' hands, and thirty-one are in operation. Invidious and manifestly unfair as the comparison may appear, a similar showing will be made with the oldest of the States, New York. Four hundred and twenty-five national banks have been organized in the State of New York, 324 of which are still doing business and 24 per cent. of which have, for divers causes, gone into receivers' hands, while in Colorado, with all the supposed conditions of hazard, but 22 per cent. have retired and but 5¼ per cent. have failed.

The national bank act requires institutions doing business under its provisions to keep on hand at all times a sum which shall equal 15 per cent. of its liabilities to depositors; in reserve cities (of which there are none in this State) 25 per cent. being the proportion.

How has this important feature of the law been observed?

The following comparison between the "reserve" of a very old and a very young State will show:

RATIO OF RESERVE TO NET DEPOSITS.

1887.	Colorado.	New York.
	per cent.	per cent.
March 4, 1883.....	33.02	28.36
May 12	32.81	28.48
August 1.....	30.95	25.82
October 1.....	32.66	26.44
Average.....	32.36	27.27

In other words, Colorado banks provided, by 5.09 per cent., better security to their depositors than did the banks of the older States, and at all times doubled the requirements of the law.

For the past eleven years statistics have been preserved showing the number of national banks which have failed, and the causes of failure, wherever obtainable. During this period two banks have failed in Colorado; the First National Bank, Georgetown, and the First National Banks, Leadville; "defalcation of officers" being the reason in the Georgetown case, and no cause given in the Leadville failure.

In the great State of New York eleven banks have gone into receivers' hands during the same time: four from "fraudulent or bad management," one from "defalcation" and six for no assigned reason.

So large a portion of a bank's assets are carried in "loans and discounts" that an analysis of this item in the Colorado report is not without interest. The amount October 5, 1887, was \$12,228,859.60, of which about 32½ per cent. was "single-name paper;" 2 per cent. secured by "stocks and bonds," and 65¼ per cent. in "all other loans," mostly two and three-name paper.

Eastern bankers often object to the amount loaned by Western banks upon the unsecured notes of individuals, or "single-name paper."

The proportion in New York State October 5, 1887, of "single-name paper" to all loans was only $8\frac{1}{2}$ per cent., while it was $32\frac{1}{2}$ per cent. with us. The inevitable and logical answer to such an objection is: "Most of the borrowers in new communities are men of limited means and still more limited acquaintance. An indorsement is next to an impossibility for them to obtain. The bankers' only recourse is to refuse their demands altogether, or to take their individual note." One saving feature of this system, however, is found in the fact that the custom of mutual indorsement does not prevail among Colorado merchants to the extent in which it is carried on in the East. As long as A is not bound up in any of B's transactions his paper is a fair moral risk for the bank to assume, and the fact has been proven that where the only source from which a dealer of moderate or small means borrows is the bank with which he trades—the relations between the bank and its client are mutually advantageous.

The small amount of money loaned in this State (2 per cent. of all loans upon "stocks and bonds,") should be used as an argument in favor of the home banks. The basis of such loans in the East is largely the needs of stock operators, and the national banking system was not started to further the plans of such persons.

The writer takes the liberty of adding that he is in a position to give an intelligent opinion regarding the management of Eastern and Western banks, having been identified for fifteen years with a famous and excellently-managed New York State bank. His observations in Denver and other portions of the State have taught him many new and valuable lessons in the line of conservative banking.

To take again, for purposes of comparison, the results of investments in bank stock in the older State and in Colorado, the showing is largely in our favor.

RATIO OF DIVIDENDS TO CAPITAL FOR SIX MONTHS ENDING

	New York.	Colorado.
	per cent.	per cent.
March 1, 1883.....	4.00	12.00
September 1, 1883.....	4.04	7.02
March 1, 1884.....	4.02	7.00
September 1, 1884.....	3.09	10.00
March 1, 1885.....	3.07	9.06
September 1, 1885.....	3.07	7.00
March 1, 1886.....	3.08	7.07
September 1, 1886.....	3.07	7.02
March 1, 1887.....	3.08	7.09
September 1, 1887.....	4.02	8.02

Eastern and other purely selfish capitalists are appreciating the advantages of investment in Colorado bank stock, and to a greater extent each year. In New York the proportion of non-resident stockholders in national banks is $6\frac{1}{4}$ per cent. of the whole: in Colorado the same proportion is 19 per cent.

If there is any foundation for the opinion advanced upon occasion by Eastern bankers and newspapers, that Western banking is a "wild-cat" and hazardous business, Colorado has proven to be a singular and happy exception. Conservative management, security to depositors and profit to the stockholder should now be confessed features of national banking in this State.

CLEARING HOUSES AND THEIR INFLUENCE UPON BUSINESS.

The opposition which has been excited by the now definitely formulated proposals to establish a clearing-house in Mincing Lane shows what strong prejudices against these institutions are felt by many members of the commercial community. In this particular case, it may be, of course, said, that the proposed clearing-house is designed to do much more than merely facilitate business, and that the elaborate system of "cover," combined with the immediate payment of differences, which is one of its essential features, is mainly of use to stimulate and extend speculative business. But, as we pointed out a short time ago, and as is shown by the early history of other clearing-houses, especially, perhaps, that established on the Stock Exchange, these prejudices are based upon something deeper than a dislike to the increased growth of speculation. There are undoubtedly many people who believe that speculation generally is at present pushed to an excess, and being unable to make any direct efforts to keep it within what they consider legitimate dimensions, they are at once ready to oppose any scheme which seems likely to foster the growth of their *bête noire*. And no doubt from this standpoint, their action is reasonable enough, for although clearing-houses are a result rather than a cause, that is, they are designed to meet the necessities of existing business rather than to stimulate fresh speculation, yet undoubtedly they do materially help to increase speculative activity. At the same time, it must be remembered that, apart from the clearing of checks, etc., and the clearing of securities, the functions of these organizations are restricted to those few great articles of commerce which, in addition to possessing a wide market, admit also of being accurately graded, and that these are almost essentially speculative, and, in a perfectly natural way, attract more and more speculative activity from year to year. The main objections to clearing-houses, however, arise, we think, from the fact that they are great levelers in business, and tend to reduce the value of capital or credit, old-established business influence, and sometimes even technical knowledge, while they tend to strengthen the position of the smaller and newer houses, and also help to open up the great trades with which they deal to new and often adventurous men.

These effects are, perhaps, best to be seen upon the London Stock Exchange. The clearing institution which has now formed an integral part of the organization of the "House" for many years was designed entirely to facilitate the settlement of business, which, in times of activity, habitually got into a state of complete congestion. It has been a thorough success, having performed its constantly-extending duties with promptitude, accuracy, and economy. It has, of course, rendered possible a larger volume of speculative business than could otherwise have been transacted; but although no check is imposed by any system of "cover," the character of business cannot be said to have changed for the worse. In other ways, however, it has done much to transform old conditions. Owing to the abolition of the necessity for much of the technical skill formerly required, the ranks of both brokers and dealers have been greatly increased from outside, and this has led to much severe competition for business, which has resulted in a great reduction

in the market "turn" of the dealer and the commission of the broker. But, although earnings have been cut down in this way, profits, as a whole, have been affected much less seriously, owing to the economy in office expenditure, etc., which the clearing-house has made possible. Moreover, the cheapness and efficiency with which the clearing-house has performed the work of settlement has done away with the need for much of the capital formerly necessary to carry on a large business. Hence, the influence of the "big men" has been declining, and business has tended more to diffuse itself amongst a great number of firms of small or moderate size. As a consequence of this leveling process, "rings" and "corners" are now much less frequent than they were when a few of the great dealers could, by combining, often "rig" some markets almost how they pleased. In these ways it cannot, we think, be denied that the influence of the clearing-house has been beneficial.—*London Economist*.

THE USURY OF PAWNBROKERS.

The rate of interest allowed by law to those licensed shops which advance money on personal property is out of all proportion, as it seems to us, to the service rendered. The law of this State now allows three per cent. per month, and the same for any fraction of a month, for the first six months, and two per cent. for each succeeding month, for any sum not exceeding \$100. This for a long loan is thirty per cent. per annum—a rate of usury frightful to contemplate. But where the money is wanted only for a few days, and a full month's three per cent. interest is charged, as the law permits, the tax amounts to a still heavier burden. We have known a poor woman to pawn a shawl she needed every Sunday, and therefore redeemed every Saturday night, four times in one month, thus paying 150 per cent. a year for the loan she required to carry her from the middle of the week until she was paid off at its close. This rate is utterly intolerable. The lenders, unless they deal with rogues and burglars, assume no risk whatever. They never loan anything approaching the salable value of the goods offered as security, and in a way understood by themselves they make a large gain out of the pledges that are never redeemed. But we are writing, not so much to criticise the pawnbroker, as to direct attention to some method by which those who wish to help this, the most deserving class of the needy, may do it without in any way injuring their self-respect.

It would be easy to raise a sufficient capital to be loaned to applicants on pledges of personal property, if those who have the means could see their way to do it without encouraging the toilers who are struggling for self-support to take upon themselves the incubus of a debt rendered attractive by a much lower rate of interest than asked by the pawnbrokers. It seems to us that sufficient warehouse space might be provided and the experiment fairly tried at say an annual rate of ten per cent. Associations for this purpose have been formed abroad, and have proved a great blessing to many who live from hand to mouth, but who are too proud to accept of alms, no matter how kindly bestowed. We heard of a poor washerwoman who always had her flat-irons in pawn a part of every week. She would get her pay on Monday night for a day's washing, and before she slept take her irons out of pawn to do the next day's ironing. But she could not earn quite enough to keep her the

week through, and on Friday or Saturday the irons had to procure her a few pennies to tide her over the Sunday.

We have said enough by way of suggestion. The object is not to encourage the poor to live upon borrowed money, but to provide a place where those who must bridge over a chasm by pledging some of their property for present need, can do it at rates that are not ruinous, and may also have the advantage of dealing with those with whom money-making is not the chief consideration. We feel confident that the needed capital could be obtained if the organization was once effected, and the right persons could be secured to manage the business. The money borrowed at pawn-shops every week in this city by the poor, who have no other resource against absolute want, is very large, and the rate allowed by the law is by far too heavy a tax upon those with whom every cent counts in hunger and cold.—*N. Y. Journal of Commerce.*

THE HISTORY OF A GREAT BANKING HOUSE.

The completion of Brown Brothers Co.'s building, at the corner of Fourth and Chestnut streets, Philadelphia—probably the best office building in the city—has been improved by the New York *Graphic* as a fitting occasion to present the history of this famous banking house.

For thirty years, says the *Graphic*, the house of Brown Brothers & Co. was located at 209 Chestnut street, occupying part of the building of the National Bank of Commerce. The firm has a world-wide reputation for ability, experience and financial solidity. It was founded in Baltimore in 1798 by Alexander Brown, the father of William, George, John A. and James Brown. The paternal ancestor came to this country from Ballymena, County Antrim, Ireland. The Baltimore house has always been known by the title of Alexander Brown & Sons, and now occupies a handsome edifice on Baltimore street, at the corner of Calvert. From this establishment the vast business developed and expanded with a natural and steady growth. The branch house in Philadelphia was established by John A. Brown, just after the close of the war of 1812.

About the same time William Brown went to England and established in 1813 the Liverpool house of William and James Brown, which became known subsequently by the title of Brown, Shipley & Co. The London house of the same name was opened a quarter of a century ago. It has retained this name ever since, and is to-day known as widely throughout the continent of Europe as any other banking house in the world, and is almost a proverb among tourists in foreign climes. It was in April, two years ago, appointed by President Cleveland the Fiscal Agent of the United States Naval Department in Europe, and they are also the London bankers of the State department of the United States Government.

The first location of the firm in Philadelphia was at 16 Chestnut street, where it was known as John A. Brown & Co. James Brown, who was one of the company, and assisted in forming the Liverpool house, removed to New York in 1826, and established the firm of William & James Brown at 63 Pine street; a year or two later the house taking its present name of Brown Brothers & Co.

The business of Brown Brothers & Co. is largely one of buying and selling bills of exchange, issuing commercial and travelers' credits available in every part of the world, making telegraphic transfers between

this country and Europe, the British and Danish West Indies, and collecting drafts drawn on all parts of the United States and Canada, and drawn in the United States on all foreign countries. The financial details in the great bulk of import and export business in the United States fall largely to the execution of the firm of Brown Brothers & Co., and for more than half a century they have filled one of the highest and most important stations in the financial annals of the country. They are also members of the New York and Philadelphia Stock Exchanges, and execute orders for all investment securities.

A curious historical feature in connection with the branching out of the parent Baltimore house towards the East is that it was due to the building of the canals, which now form the interior waterways between Baltimore and New York.

When the canal was built from the Chesapeake to the Delaware, the elder Alexander Brown foresaw the passing of custom to Philadelphia which had hitherto come to the house from Virginia and the Carolinas, and it was then he dispatched his son, John A., to Philadelphia, for the purpose of opening the house there, and in that way heading off the trade which might give Baltimore the go-by. A similar reason (among other considerations), the building of the canal to New York, led to the opening of the house in the latter city. During all the years since 1798 the name, whether that of Alexander Brown & Sons, or Brown Brothers & Co., has been a synonym for commercial prudence and rectitude, and the house stands to-day pre-eminent in financial circles throughout the world.

Our elder readers will remember the great contest for ocean supremacy between the famous Collins line, flying the American flag (and owned and controlled by the Browns), and the Cunarders, and it may not be out of place to quote the following tribute lately paid to the Browns, and from the pen of one of the founders of the rival line:

"The career of the Cunard line, extending over nearly half a century, has not been devoid of interesting episodes outside the prosaic limits of ordinary business routine, as will be seen from the two following incidents which I have selected to conclude this article. The first relates to an action of chivalry in the yet undegenerate days of commercial emulation, and well deserves grateful remembrance. 'In 1850, one decade after the formation of the Cunard line, there started into existence the Collins line, which in its day was a great power, and for a series of years fought hard and well for the supremacy in the Atlantic trade. At the very height of the struggle our steamship *Alps* was seized by the United States customs in consequence of an accusation brought against some of her crew for smuggling, and bond was demanded to the extent of £30,000 sterling, when who should come forward and stand surety for the Cunard Company but the great firm of Brown Brothers & Co., agents in New York for the Collins line. That was truly generous, and it told us both that we could fight as men and act like men in time of trouble.'"

ECONOMIC NOTES.

BUSINESS MEN'S CASTLES IN THE OLDEN TIME.

The ruined castles and the numerous relics of the past which are found on the mountain summits of the Apennines bear testimony in their decay, not so much to the strength and skill of the repeated attacks to which they were exposed (for in many cases they were impregnable before the invention of artillery), but, unfortunately, to the neglect of their owners, arising mainly from the reverses which the great families from time to time experienced. Most of the illustrious Italian houses were connected with trade; this was a characteristic of the great republic—at least one member of each family was enrolled in some guild or mercantile corporation. This connection with trade in no degree diminished the refinement of taste or the love of the beautiful of the most illustrious of the Florentines. On the contrary, the merchant princes, with the richest products of other climes, gained much experience and art knowledge, which found their expression in the noble works and the adornment of their cities. But there was one evil result of this association of nobility of race and commercial pursuits, that it rendered their prosperity very precarious; the frequent revolutions in the Italian republics arose as much from commercial as from military causes. The middle of the fourteenth century was especially a period of great speculation and of much suffering to many of the most illustrious houses—the Bardi, the Anciaioi, the Mozzi, the Peruzzi—were all struck down.—*Blackwood's Magazine.*

COURTS OF CONCILIATION.

An effort will be made in Iowa to have an enactment by the State Legislature of a statute authorizing "Courts of Conciliation" or neighborhood tribunals, to settle disputes between citizens without a real lawsuit. This means of adjusting differences has never yet been tried in this country, but it is believed that a large amount of litigation can be avoided by a well-devised statute establishing such a system. In Denmark, where the plan has been longest and most thoroughly tried, its success has been remarkable. The functions of the Danish Courts of Conciliation, and the great results accomplished by them, are thus stated by the New York *Evening Post*: Each local community is authorized to choose a tribunal called by this name, which consists generally of one judge and two assistants, selected with reference to their high standing in the public confidence and their qualifications for composing disputes. This tribunal has jurisdiction of every complaint upon which a civil action might be based, and no such action can be heard in any regular court until it has been laid before the Court of Conciliation and has resulted in a disagreement, so that every cause out of which an action might arise, except in criminal cases, comes first before this tribunal. The principals appear in person and tell their own stories; witnesses are called in if necessary, but no counsel are allowed; and if the decision is accepted by both parties, the dispute is ended and lawyers' fees are saved, while the judgment has the same force as a judgment of an ordinary court. That the decisions are accepted in the bulk of cases appears from the fact that during the first five years of the system 116,483 cases were brought before the "Courts of Conciliation," of which 74,742 were there settled, and during the next five years 190,836, of which 121,970 were settled, and only half of the remainder were ever carried to actual litigation.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

DAYS OF GRACE.

A person in the South draws on a bank in Boston. On Jan. 20 he advises the bank: "I have drawn on you, payable fifteen days after 17th inst., \$1,750," etc. The draft, which is dated Jan. 11, is presented on the 26th, and directs that "fifteen days after date fixed, pay," etc. The holder demands payment on the 26th. Is the bank justified in withholding payment until the due date as per drawer's advice, viz., 1st Feb. The question is, what is the meaning of the word "fixed"? The holder claims that it means "without grace," the drawer claims that it means "agreed on" or "advised."

REPLY.—The letter of advice will not control the meaning of the contract. That is just as clear and imperative as though the letter had not been written. The only question then relates to the word "fixed." What significance does it possess, if any, when thus used in a draft? Does it have the effect of cutting off the days of grace which otherwise the instrument would have. This question has been answered by the Supreme Court of Louisiana. In *Durnford v. Patterson* (7 Martin, 460), a note was made payable "on the 1st of May next fixed." The court, after remarking that no case of the kind had previously been decided, added that the word fixed was introduced "with the intention of making the note payable on the 1st of May, absolutely and invariably; [and] that a demand of payment ought to have taken place on that day." This is doubtless good law, and the case is given in Daniel, Randolph, and other commercial law writers.

COLLECTION—LOST CHECK.

A New York bank, early in February, mailed a letter to the C. Bank, near Boston, containing, among other items, a check on a bank in Springfield, Mass. The C. Bank forwarded the check to its Boston correspondent for collection. Three weeks passed, when a letter was received by the C. Bank from the Boston bank, saying: "Please procure duplicate of — check, original received from you Feb. — and lost in mail. We charge back original, and will credit duplicate as soon as received." Has the Boston bank the right to do this, or what is the law in such a case?"

REPLY.—The answer to this question is free from the complication which arises when the collecting agent receives a check, credits the amount, and the sending bank draws for it. In this case the collecting agent received the check and credited the amount to the sending bank, but no portion thereof was drawn. Usually, such a crediting is provisional, in anticipation of prompt payment, and can be canceled if the check be not paid. Said Dillon, Cir. J., in *Levi v. National Bank* (5 Dill., 104, p. 111): "It is not unusual for bankers to credit their correspondents or customers with the amount of paper of a certain character at the time of its receipt for collection, but such credits are provisional only, being made in anticipation that the paper will be promptly paid, and with the right to cancel the credit if the paper is dishonored."

But the collecting agent in this case cannot charge back the amount of

the check, in our judgment, for the reason that it was negligent in the matter. Three weeks passed after receiving the check before reporting that it had been lost in the mail in the further course of collection. This long delay without explanation is sufficient to render the collecting agent responsible for the amount. In the case of the *Trinidad National Bank v. Denver National Bank* (4 Dill., 290) the plaintiff sent the Denver bank a sight draft for collection which was drawn on the Kansas City Bank. The Denver bank received this draft on the 10th of January, and transmitted it on the same day to the Kansas City Bank, which was its correspondent. The draft ought to have reached the latter bank in two days. It did not, however, acknowledge receipt of the draft, and in truth it miscarried and was never received. The Denver bank made no inquiry about it until the 9th of February, the Trinidad and Denver banks both supposing that the draft had been received and paid. The Denver bank, therefore, gave no notice to the Trinidad bank with respect to the draft until the 11th of February. On the 29th of January, however, the Kansas City Bank had failed. The Trinidad bank, therefore, sued the Denver bank to recover the loss occasioned by its negligence. Judge Dillon, who tried the case in the United States Circuit Court, said: "I have fully examined the adjudged cases relating to the duty and responsibility of a bank which undertakes to act as a collecting agent for its customers, or for other banks. They clearly show that the defendant bank ought to have ascertained, within a reasonable time, whether the draft transmitted had been received by its correspondent, and if not, to have advised the plaintiff thereof. . . . The defendant bank allowed an unreasonable time to elapse before it made inquiry concerning the draft, and more than a reasonable time had elapsed before the failure of the Kansas City Bank had occurred. . . . Here was an unexcused delay for fifteen or sixteen days to make inquiry, or to give notice." The defendant bank, therefore, was held liable for the loss. In the present case the delay to report the loss of the check was much longer, and if any loss should be sustained by the sending bank in consequence, it could clearly hold its collecting agent for neglect. If, then, the collecting agent should charge the check back to the sending bank, it would not thereby absolve itself from loss should any occur in consequence of its failure to collect the check within a reasonable time, or to give a good excuse for not so doing.

INTEREST.

Two negotiable notes, which were dated December 10, for \$500 each, and which bore six per cent. interest, were discounted by a bank. One note was payable sixty days after date, and the other two months. What amount of interest ought the bank to have demanded on each note at maturity, both notes being entitled to grace?

REPLY.—This inquiry was submitted to one of the best-informed bank cashiers in New York city, who replied that of the two notes described, one matured on Saturday, and under New York State law it was, therefore, payable on Monday. Both notes, therefore, were payable February 13, sixty-five days after their dates, and \$500 for sixty-five days at six per cent. was \$5.34. The custom among New York city banks is to calculate at three hundred

and sixty days per annum for small matters, but not for important ones. The extra two days from Saturday to Monday, under the new law, is a new feature, but interest should be collected for same just as for the days of grace. He also added: "I desire to say that there always seems to be a question how to interpret the laws of New York in relation to the computation of interest. Statutes at Large (Edmund's Revised Statutes), 1882, Vol. I, page 727, section 9, reads: 'For the purpose of calculating interest, a month shall be considered the twelfth part of a year, and consisting of thirty days, and interest for any number of days less than a month shall be estimated by the proportion which such number of days shall bear to thirty.' The banking laws of the State of New York, chapter 4, section 68, authorize the taking, reserving and charging of interest at the rate of six per cent. per annum, reckoning the days for which the note or other evidence of debt has to run. How these laws should be interpreted seems questionable. It would seem that a bank taking, for instance, a six months' note, might reserve interest at six per cent. for the number of days which the note has to run. Thus, from January 6, a six months' note would be due July 9. From January 6 to July 9 is one hundred and eighty-four days. Now the question is: May a bank in discounting such a note deduct interest for six-twelfths of a year and three-thirtieths of a month, or shall it be six-twelfths of a year and four-thirtieths of a month? Neither of these methods seems equitable. It ought to be $184\frac{1}{365}$ ths of a year."

INTEREST.

In your issue of May, 1873, you give as your opinion that interest may be claimed on a note for the whole time it has to run—including the days of grace—even when payment is tendered before maturity. We have always held this view, but have been unable to find any legal authorities in which the principle is definitely stated. Can you tell us where we can find a case exactly in point?

REPLY—Daniel, in his work on Negotiable Instruments, says that "If the debtor, from the prospect of some benefit by the rate of exchange, or otherwise, should offer payment before the term arrives, the creditor is not bound to take it, since the term of payment is a condition of the bill or note, fixed equally for the behoof of both parties." (§ 1,234, 3d edition.) In *Ebersole v. Redding* (32 Ind., 232), the three notes in controversy were payable on fixed days. As their time of maturity was thus fixed, the court said they "could not be paid before those days severally, unless the payee pleased to consent to receive payment before those days." As the payee, therefore, is not obliged to accept payment before the obligation matures, it follows that if he does so he can prescribe the terms on which he will accept it. If he declines to abate any part of the interest, the debtor cannot require him to do so. He has no alternative, but must pay whatever would be due at maturity, or, if unwilling to do this, wait until that time.

With respect to charging interest for the days of grace, Daniel says that "they are now considered, wherever the law merchant prevails, as entering into the constitution of every bill of exchange and negotiable, both in England and the United States, and form so completely a part of it that the instrument is not due in fact or in law until the last day of grace." (§ 614.) And the charging of interest on the three days of grace is not a usurious

act. In 1824, in the case of the *Bank of Utica v. Wager* (3 Cowen, 712, p. 766), Savage, C. J., said, in reply to the objection that interest for them could not be taken in discounting a note: "There is nothing in the objection that interest was taken for the three days of grace; for though the maker might have chosen to pay his note on the day when payable, yet the holder could not compel payment till after the expiration of the days of grace. For every practical purpose, therefore, the days of grace are part of the note itself."

AUTHORITY OF CASHIER.

Is it not universally recognized that the cashier is the chief executive officer of a bank, and that all tellers and clerks are subordinate to him? Does an assistant cashier have the same rank and authority as a cashier, and perform all of his duties, sign checks, stock certificates, etc.?

REPLY.—In the case of *Morse v. Massachusetts National Bank* (1 Holmes, C. C., 209, p. 211), Judge Shepley said that "the ordinary duties of a cashier are well known. They are to keep the funds, notes, bills and other choses in action, of the bank, to be used from time to time for the exigencies of the bank; to receive directly, and through subordinate officers, all moneys and notes of the bank; to surrender notes and securities upon payment; to draw checks; to withdraw funds of the bank on deposit; and, generally to transact, as the executive officer of the bank, the ordinary routine of business." In another case, *Merchants Bank v. State Bank* (10 Wall., 604), which was determined by the United States Supreme Court, the duties of a cashier are clearly defined, and also the relation between him and his subordinates: "The cashier is the executive officer, through whom the whole financial operations of the bank are conducted. He receives and pays out its moneys, collects and pays its debts, and receives and transfers its commercial securities. Tellers and other subordinate officers may be appointed, but they are under his direction, and are, as it were, the arms by which designated portions of his designated functions are discharged." This opinion (p. 650), is an answer to both questions. The tellers and other assistants are the subordinates of the cashier, his "arms," by which the business of his bank is done. Among these subordinates or assistants there may be an assistant cashier, but he is, after all, an assistant; no bank has two cashiers or two persons possessing co-ordinate general authority. It is true that when the business of a bank becomes large, it is needful to employ persons to perform some of his duties who have co-ordinate authority to perform such as are assigned to them. For example, "The teller is put in the place of the cashier, to perform a portion of his duties. His appointment is virtually a division of the office of cashier." (*Farmers and Mechanics Bank v. Butchers and Drovers Bank*, 16 N. Y., p. 130.) Nevertheless, the cashier would have the right to take the teller's place and do his work if he desired. Said Judge Swayne, in the *Merchants Bank* case, above mentioned: "A teller may be clothed with the power to certify checks, but this in itself would not affect the right of the cashier to do the same thing." The relation between a cashier and an assistant cashier is the same as the relation between a cashier and other subordinates. No bank has only one cashier, one official possessing general authority. If two or more persons pos-

sessed the same general authority the regular course of business of a bank might be broken. To prevent this, authority is lodged with one person. This may be divided; in other words, persons may be employed to assist him, who are charged with specific duties. In *Batchelor v. Planters National Bank* (78 Ky., 435, p. 446), the court, in describing the duties of a cashier, incidentally remarks that "it is his duty to supervise and control the affairs of the bank and its officers under him in the discharge of their duties." No exception is made of the assistant cashier in any of the cases. Of course the directors may define the duties of the subordinates, and lessen or enlarge those which are usually performed by them. In the absence of such action, the assistant cashier is a subordinate, like the tellers, bookkeepers, and others. In the case of *Pope v. Bank of Albion* (57 N. Y., 126), the bank was sued on a check which had been certified by the assistant cashier. It defended on the ground that the assistant cashier was employed for the special purpose of signing circulating notes; that his act of certifying was without authority, and therefore the bank was not liable. The defense prevailed, the court saying, "In the case of a subordinate officer or clerk . . . as a general rule, that his authority for any act out of the mere ordinary routine of banking business must be shown in order to bind the bank," and subsequently the court expressly declared that the assistant cashier was "a subordinate officer."

BOOK NOTICES.

Political Economy. By FRANCIS A. WALKER, President of the Massachusetts Institute of Technology. Second edition, revised and enlarged. New York: Henry Holt and Company.

This is a new edition of the above-mentioned work. Its great merits are well known, and no words of commendation are needed from us. Excellent arrangement, accuracy and conciseness of statement, and an impartial spirit, are among the features of this book. As an introduction to the subject, for the college student, and also for the general reader, it is greatly superior to any other by an American writer.

The Public Debts of Europe. By ALFRED NEYMARCK, author of "Turgot and his Doctrines," and numerous works on political economy, French finance, legislation and railroads. Translated by O. A. Bierstadt. New York: Homans Publishing Company, 1888.

This work contains a very concise and accurate account of the national indebtedness of Europe. The author is well known for his writings on finance, legislation and political economy; and in preparing this work he has had recourse to original sources for information. For this reason it possesses far more value than the hastily-prepared publications which profess to cover the ground. It is, in truth, a fresh study of the subject, by a highly competent person, who had the latest and best materials needful for writing a trustworthy work.

Sketch of American Finances, 1789-1835. By JOHN WATTS KEARNEY. New York and London: G. P. Putnam's Sons.

This little book of one hundred and sixty pages is a very concise account of the debt and revenue of the United States from the close of the Revolution to the extinguishment of the debt in 1835. It is devoted almost entirely to the facts of the subject, with very little discussion of principles. It contains, however, a large amount of information in a small compass, and in these days, when financial questions are so prominent, will doubtless find interested readers. Its account of the debts incurred in the two wars with Great Britain, and of the difficulty the young nation had in paying them, shows in a striking way the immense advance of the United States in material prosperity.

The Statesman's Year Book for the Year 1888. Edited by J. SCOTT KELTIE, Librarian to the Royal Geographical Society. London: Macmillan & Co.

This is the twenty-fifth annual publication, which is conclusive proof of the need of the information herein given. It professes to be a statistical and historical annual of the status of the civilized world. To render the work useful, an annual revision of every part is needful, and this seems to have been done. The figures are all given to the latest practicable date, and the work is worthy of the high place which it holds among works of annual reference. No scholar, politician, editor, or reader should be without it. The matter is so arranged that everything can be easily found, and we know of no other publication in which so much information relating to the political, financial, industrial, social, educational and moral condition of the world can be found in the same convenient space.

PUBLICATIONS RECEIVED.

Report of the Board of Bank Commissioners of the State of California. WILLIAM F. WHITE, W. W. MORELAND, A. W. POTTS, Commissioners.

Semi-Annual Tabular Statement of the Savings, Commercial, and Private Banks of California. Filed with the Board of Bank Commissioners, January 1, 1888.

Annual Statement Exhibiting the Condition of the State Banks of Rhode Island on Tuesday, the 15th day of November, 1887. Prepared by ELISHA W. BUCKLIN, State Auditor. Providence: 1888.

Report of the Bank Commissioners of the State of Connecticut to the Governor, January, 1888. G. M. LANDERS, C. H. NOBLE, Commissioners.

Review of the National Bank System as to How and Why it Should be Continued. By GEORGE ESTERLY, Whitewater, Wis.

Nature of Value, with Criticisms of Current Opinions on the Money Question. By E. D. STARK, Cleveland, Ohio.

National Banks and Government Circulation, Retrospective and Prospective. By JAMES SELWIN TAIT, F. R. L. S., Statistician of the North American Exchange Co., Limited. New York: 1888.

BANKING AND FINANCIAL ITEMS.

PENNSYLVANIA.—The Bradford National Bank has sent to us the following account of the shooting of its cashier, Mr. T. H. Tomlinson, on the 6th of March. About eleven o'clock on that day, "while several customers were transacting business, a man, wearing a mask and a long rubber coat, entered the front door of the bank. Approaching the cashier's window, he presented a revolver and ordered the official to open the door. Without pausing, he rapidly walked a short distance toward the rear of the bank and suddenly sprang over the seven-foot railing, landing directly behind the paying teller. So quickly was this done that the attention of the teller, who was engaged in checking out a deposit, was not attracted. Mr. Tomlinson had apparently kept an eye on the man, and as he vaulted over the partition the official started from his post and met the robber, who instantly placed his revolver against the cashier's abdomen and fired, the bullet passing entirely through his body. The desperado then turned on the paying teller, and, covering him with his revolver, drove him toward the rear of the room. Then seizing what money lay on the counter (about \$600), he escaped through the cashier's room and the front door of the bank. A crowd instantly gathered and started in pursuit. After running a short distance the robber turned and fired upon Louis Bleich, who was in advance of the crowd, the bullet striking Bleich in the bowels and passing through his body. The robber continued his flight about 1,500 feet further, when, apparently thinking escape impossible, he placed the revolver to his head and fired, dying almost instantly. The name of the desperado was George A. Kimball. He was formerly a resident of Bradford, but for some years had lived at Garden City, Kansas. Several parties who have known Kimball are of the opinion that he was insane, but we believe the robbery to have been the well-planned act of a desperado. Mr. Tomlinson was so well and favorably known to all the customers and correspondents of this bank that any words of ours would but feebly convey our grief or express our feelings at the loss that we, as his associates and friends, have sustained."

JERSEY CITY.—Twelve years ago the Mechanics and Laborers Savings Bank, which, through the influence of John Halliard, its president, had secured a large Catholic patronage, was wrecked by Halliard, and when a balance sheet was struck it was found that a deficiency of \$210,000 or more existed in his accounts. Chancellor Runyon appointed Mr. Williams receiver, and when he had realized on the assets he found himself able to pay the depositors only about a third of the money due them. When this had been handed over in little dividends from time to time there remained a balance of about \$140,000 due them. Some of the depositors began proceedings against the directors of the bank for misfeasance and neglect in the discharge of their duties, but they were non-suited in court, on the ground that the receiver had not been made a party plaintiff to the proceedings. Taking the cue, Receiver Williams began the suit anew. He was met by the plea that the statute of limitations barred its prosecution. Chancellor Runyon held the plea to be good; and Mr. Williams, in spite of the fact that the Chancellor had put him in the receivership, appealed from the Chancellor's decision. The Court of Errors sustained the appeal and directed Mr. Williams to make every man who had been a director of the bank, from the time of its organization in 1869 to the date of its failure, step forward and show cause why he should not be held for the deficiency. For many months testimony was taken. Final arguments were heard by Chancellor McGill early in March. During their progress negotiations for a compromise were opened. Mr. Williams said that he would not accept less than \$100,000; and it is said that the suits have been settled for that amount. Such a settlement would enable Mr. Williams to pay the depositors 50 per cent. of their claims, making a total of 82 per cent. saved from the wreck for them.

KANSAS.—The First National Bank of Ottawa was organized October 10th, 1870. Its business has rapidly increased, and on the 25th of February the bank

moved into a new building which it had erected for its own use. The *Ottawa Daily Republican* says: "The officers and directors naturally take a great deal of pride in their new quarters. They have involved a great outlay of time and money. They may well be satisfied with the result. The growing institution required better accommodation and greater facilities than the old building could ever afford. An edifice has been erected which everybody interested in the prosperity of Ottawa takes an interest in. It has a fine appearance. The terra cotta cornice, while more expensive than the galvanized iron, looks better and is more satisfactory to insurance companies and firemen. The *Republican* wishes the officers and directors the full measure of success in their new quarters which they so richly deserve."

BUILDING ASSOCIATIONS SWINDLED.—One of the greatest swindles ever perpetrated on a building association was exposed in Cincinnati, Friday, Feb. 24, and was preceded by the arrest of Frank M. Riegel, assistant cashier of the late Metropolitan Bank, who figured as the chief operator. The specific charge against him was the embezzlement of \$3,500 from the Arcade Building Association. Facts so far brought to light show that there was a combination, comprising some of the best known and supposedly respectable men in Cincinnati. Over a dozen building associations were swindled. The plan was for one of them, usually Riegel, because of his bank position, to be elected treasurer of an association, and for two or three others to be appointed on the appraising committee, or where only two were to be appointed for the third man to be made attorney for the association. This done, their plan of work is illustrated by the \$8,000 Arcade job, for which Riegel is now in jail. Riegel was treasurer here. He secured the appointment of Dustin, Thompson and Fine as appraising committee. Riegel then applied in the name of a friend for a loan of \$3,000 on property which was returned on the tax duplicate as worth only \$280. The appraising committee rated the property at \$12,500, and advised that the loan be made.—*Cincinnati Enquirer*.

THE PHILADELPHIA SAVING FUND SOCIETY, now in its 70th year, received in 1887 \$3,566,616.20. The total number of depositors is 175,898.

The name of the **SEVENTH WARD NATIONAL BANK** has been changed to the Seventh National Bank of New York. The bank is located at 184 Broadway.

The directors of the **METROPOLITAN NATIONAL BANK** of New York, in liquidation, have declared a dividend of ten per cent. out of the capital stock, payable on and after March 21st. Certificates of stock must be presented, that the payment may be stamped thereon. Dividends of forty-five per cent. have been declared previously.

PROTESTED NOTES.—Many of the New York banks protested all the notes and drafts due and unattended to during the great snow storm and blizzard that visited the city. The bank officers said that perhaps the failure to pay obligations was excusable on account of the storm, which could pretty fairly be construed into one of those events that lawmakers celebrated as "acts of Providence," but the law advisers of the courts counseled the performance of all the usual duties, as an insurance against possible legal tangles.

MAINE.—Among the deposits in the Middlesex Institution for Savings at Concord, Me., which have been unclaimed for twenty years, and to which publicity is given through the carrying out of the law of 1887 relating to these amounts being published, is one made February 27, 1849, by Captain Peter Tenney, Isaac Barker and Samuel Jones, a committee of the Acton Blues, which at that time was a noted militia company. The deposit now amounts to upward of \$80. But seven members of the company are known to be living. Formerly there were forty-two. A committee of the survivors has been chosen to draw the money from the bank.

MAJOR CHAUNCEY DAVIS, whose death has been announced elsewhere, was born in Jefferson county, N. Y., in 1812, where he lived until 1835, when he removed to Kenosha, Wisconsin. Here he lived ten or more years, engaged in building, and was an energetic, public-spirited and influential citizen, active in all public enterprises. While there he was elected Sergeant-at-arms of the Wisconsin Legislature. In 1848 he went to Muskegon, Mich., opening a general store, and dealing in lumber products. Later he formed a partnership with T. Newell and A. D.

Loomis for handling and making lumber, and became prominently identified with the lumber interests in that region. He served several terms in the legislature and was the first mayor of Muskegon. In 1873, at its organization, he was made president of the Lumberman's National Bank, and was re-elected to that position every year; he was president, director, and a heavy stockholder in the Muskegon & Ferrysburg Railway, and also a director of the Grand Rapids & Lake Shore, Chicago & Michigan Lake Shore, and the Muskegon & Big Rapids Railroads.

COLORADO.—The First National Bank of Silverton is looking as neat as a new pin, the place having recently been subjected to a thorough overhauling. The new vault is imposing enough to excite admiration. It is perfectly fire-proof, and its dimensions are five feet wide, ten feet high, and about twenty feet long, all in the clear. Its walls are twenty-inch double, with a four-inch air chamber between. The doors are made of chilled steel and double, the safe inside being fitted with the usual time lock. Mr. Werkheiser, the head of the concern, is a conservative business man and able financier, and our citizens can congratulate themselves on having one of the most solid banking institutions in the country.—*Silverton Weekly Miner*.

NEW YORK.—Herbert W. Knapp, cashier of the Deposit National Bank, whose death occurred recently, was a little over thirty-eight years of age. He had sterling qualities as a business man, and his connection with the Deposit National Bank, which extended from his boyhood to his death, was remarkable in many respects. He had a wonderful memory, and would recall, when occasion required, dates and figures that were in question; he was an expert accountant and bookkeeper, rapid and very correct at figures, and a shrewd and methodical business man. As a business man, and in other ways, he will be greatly missed.

MARINE NATIONAL BANK.—The suits of Walter S. Johnston, as receiver of the Marine National Bank, against the New York, Lake Erie & Western Railroad, the New York, Lake Erie & Western and Equitable Life Assurance Society, and New York, Lake Erie & Western and Chicago & Atlantic Railroad, which were pending in the United States Circuit Court for almost four years, have been discontinued. The suits aggregated \$625,000.

SMOOTH-WORN SILVER COIN AS GOOD AS NEW.—Deputy Postmaster W. S. Leake, when paying money into another Federal office in San Francisco, was informed that a silver coin that had become smooth from usage could not be accepted, and it was refused. As such coin had been received at the post-office for stamps, etc., in the transaction of business, the question became an interesting one, and believing that it could not be rejected as mutilated coin, a half dollar which had been refused acceptance was forwarded to the Secretary of the Treasury for his decision, and the following reply has just been received by Postmaster Stevens: "SIR: I return herewith, as requested, the silver half-dollar enclosed in your letter of the 24th ult., with the information that this coin has been examined by experts in the office of the Treasurer of the United States, and would be accepted if presented at that office for deposit or redemption, as there is no law or regulation under which it could be declined, it being simply worn smooth by natural abrasion. Under department's regulations of August 1, 1887, copy inclosed, mutilated silver coins are not redeemed, but 'reduction by natural abrasion is not considered mutilation.' Respectfully yours, HUGH S. THOMPSON, Assistant Secretary."

KANSAS.—A recent issue of the *Times*, of Greensburg, Kiowa county, contains an interesting account of Mr. T. J. Ross, the pioneer banker of that county. Three years ago he founded the Greensburg Bank. It prospered and as the county required more adequate banking facilities, it was incorporated under the title of the Merchants and Farmers Bank. A year ago he organized the First National Bank in that place, but as the national bank law prohibited the taking of real estate as security, the bank was changed to the private banking firm of Ross & Emmert. Mr. Frank Ford, the present banker at Ford City started with Mr. Ross. George S. Murphey, now president of the First National Bank at Manhattan, commenced the business with this bank, and Mr. James H. Bacon, who has since organized the Bank of Salt Lake City, also graduated at this institution.

SAN FRANCISCO CLEARING HOUSE.

The amount of clearings for the year 1887 were..... \$829,181,929 86
And for 1886..... 642,221,391 21

A gain in 1887 of 29 $\frac{3}{4}$ per cent..... \$186,960,538 65

which reflects the active business that prevailed during the year.

The amount of clearings by quarter year and year for 1887 and 1886 are shown in the following statement:

<i>Time.</i>	1887.	1886.	<i>Increase.</i>
First quarter.....	\$166,674,784 76	\$137,848,228 98	\$28,826,555 78
Second ".....	208,497,199 87	143,155,668 03	65,341,531 84
Third ".....	233,819,660 11	170,116,280 22	63,703,379 89
Fourth ".....	220,190,285 12	191,101,213 98	29,089,071 14
Total.....	\$829,181,929 86	\$642,221,391 21	\$186,960,538 65

The total clearings and balances for twelve years, and average daily clearing for each year are given in the following statement:

<i>Year.</i>	<i>Clearings.</i>	<i>Balances.</i>	<i>Days.</i>	<i>Average Daily Clearing.</i>
1876.....	\$476,123,237 97	\$104,804,707 74	247	\$1,927,624 45
1877.....	519,948,803 68	126,172,850 21	305	1,704,750 20
1878.....	715,129,319 70	151,888,434 05	306	2,337,677 50
1879.....	553,953,955 90	129,561,079 52	305	1,816,242 50
1880.....	486,725,953 77	118,046,934 94	304	1,601,072 20
1881.....	598,606,812 35	125,388,744 81	304	1,969,397 50
1882.....	629,114,119 81	108,487,872 15	303	2,076,284 20
1883.....	617,921,853 51	107,269,494 53	304	2,032,637 70
1884.....	556,857,691 03	95,275,201 49	304	1,831,768 72
1885.....	562,344,737 93	100,460,388 52	305	1,843,753 24
1886.....	642,221,391 21	105,812,827 47	301	2,133,625 88
1887.....	829,181,929 86	129,474,942 72	303	2,736,574 02
Totals.....	\$7,188,419,826 72	\$1,442,663,479 15	....	.....

The average daily clearing in 1887 was \$603,000 greater than 1886.

The largest amount cleared on a single day in 1887 was June 1st.... \$5,917,506 77

Balances.

The balances in 1887 were 15 63-100 per cent. of clearings, and amounted to.....

\$129,474,942 72

And were paid as follows:

In United States gold coin, 55 14-100..... 71,393,942
In Clearing House certificates, 44 80-100..... 58,010,000
In United States Treasury certificates, 06-100..... 71,000
The average daily balance for 1887 was..... \$427,310 04
And for 1886..... 351,604 08

An increase of..... 75,705 96
The largest balance arising from a single day's clearings in 1887 was. \$1,223,514 19

And paid as follows in C. H. Certificates..... 175,000
In United States gold coin..... 1,048,514 19

The gold Clearing House certificates (now issued to the amount of \$1,075,000),

have lessened the movement of gold coin in the settlement of balances since June 1st, 1883, as follows:

<i>Time.</i>	<i>Balances.</i>	<i>Paid by Certificates.</i>	<i>Per Cent.</i>
1883 (7 months)	\$66,818,809 85	\$32,010,000	48
1884	95,275,201 49	58,540,000	61 4-10
1885	100,460,388 52	51,295,000	51 1-10
1886	105,832,828 47	50,880,000	48 1-10
1887	129,474,942 72	58,010,000	44 8-10
Total	\$497,862,171 05	\$250,735,000	50 4-10

As it may be estimated that the certificates save a quadruple handling of the amount of coin they represent, their usefulness in the past five years is measured by the labor required to handle 1,850 tons of gold coin, equal to 50,000 bags of \$20,000 each.

CHARLES SLEEPER, Manager.

SOMERVILLE, TENN.—The Fayette County Bank was opened on the first of February with a capital of \$50,000. T. K. Riddick is the president, and D. Z. Morrison is the vice-president; and A. J. Rooks is cashier. The Eastern correspondents are Latham, Alexander & Co. There is a promising future for this institution.

MESSRS. BOODY, McLELLAN & Co. have some desirable water-works bonds for sale, which investors would do well to consider. They are subject to less fluctuation than many other kinds of bonds. Indeed, they possess several good features which are worth the attention of the investing public.

RAILROADS AND LITERATURE.—The Chicago, Rock Island & Pacific Railway, one of the leading railroad enterprises of the country, not content with doing a transportation business, every now and then breaks over into the literary domain. It is true that its efforts here are of a very practical character, and its latest is a cook book which contains a choice selection of valuable recipes, with much other useful information pertaining to the culinary art, including many formulas contributed by noted cooks and caterers; at the same time the chief business of the company is never forgotten, and just now cheap excursions are advertised to Kansas, Nebraska, Northwestern Iowa, Minnesota and Dakota, leaving Chicago during the next three months.

PHILADELPHIA —On the 7th of March the National Security Bank, which was organized in October, 1870, moved into its new building, on the southeast corner of Franklin street and Girard avenue. In point of both style and convenience it is one of the finest bank buildings in the city. The building is of rough granite, rock finish, margin dressed and gabled slate roof, and occupies a frontage on Girard avenue of forty feet, and a depth on Franklin street of eighty feet. This institution was the first to start in business on Girard avenue, and, filling a long felt want, it met with wonderful success, and to day is considered among the strong financial institutions of this city. In its last statement the bank shows, with a capital stock of \$250,000, a surplus fund of \$110,000; undivided profits, \$21,283; deposits, \$1,267,826; and loans and discounts, \$1,092,792.

Sterling exchange has ranged during March at from 4.85¼ @ 4.88 for bankers' sight, and 4.85¼ @ 4.86 for 60 days. Paris—Francs, 5.18¼ @ 5.17½ for sight, and 5.20½ @ 5.19½ for 60 days. The closing rates of the month were as follows: Bankers' sterling, 60 days, 4.85½ @ 4.86; bankers' sterling, sight, 4.87¼ @ 4.87½. Cable transfers, 4.87¼ @ 4.88. Paris—Bankers', 60 days 5.20 @ 5.19½; sight, 5.18½ @ 5.17½. Antwerp—Commercial, 60 days, 5.22½ @ 5.21½. Reichmarks (4)—bankers', 60 days, 95¾ @ 95¾; sight, 95¾ @ 95¾. Guilders—bankers', 60 days, 40¼ @ 40¼; sight, 40¼ @ 40¼.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from March No., page 726.)

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY... The Fourteenth Street Bank is reported organizing.		
" ..	Holland Trust Co.....	
" .. \$500,000	Robt. B. Roosevelt, P. Geo. W. Van Sicklen, <i>Sect.</i>	
ARK ... Morrilton	Bank of Morrilton.....	Latham, Alexander & Co.
" .. \$50,000	William Irvine, P. Wm. J. Stowers, <i>Cas.</i>	
" ..	T. N. Doyle, <i>V. P.</i>	
CAL.... Santa Paula....	Bank of Santa Paula....	Chase National Bank.
" .. \$100,000	Geo. H. Bonebrake, P. Joseph R. Haugh, <i>Cas.</i>	
" ..	Chas. H. McKevitt, <i>V. P.</i>	
COL ... Grand Junction.	First National Bank.....	
" .. \$50,00	Geo. Arthur Rice, P. J. F. McFarland, <i>Cas.</i>	
" .. Rico.....	Dolores County Bank...	Western National Bank.
" .. \$30,000	E. L. Davis, P. Alfred H. Mundee, <i>Cas.</i>	
" ..	T. A. Davis, <i>V. P.</i>	
DAK.... Whitewood	Whitewood Banking Co.	National Park Bank.
" .. \$10,000	D. K. Dickinson, P. William Selbie, <i>Cas.</i>	
" ..	T. J. Grier, <i>V. P.</i>	
FLA.... Tavares	Bank of Tavares.....	National Park Bank.
" .. \$10,000	Russell T. Hall, P. Alfred A. Parker, <i>Cas.</i>	
ILL.... Aurora	Merchants Nat. Bank....	Hanover National Bank.
" .. \$100,000	Jacob O. Curry, P. Wm. C. Estee, <i>Cas.</i>	
" ..	S. C. Gillett, <i>V. P.</i>	
" .. Carlinville	Carlinville Bank.....	Importers & Traders Nat. Bank.
" .. \$25,000	Sylvester Hoblit, P. A. L. Hoblit, <i>Cas.</i>	
" ..	Peter Heinz, <i>V. P.</i>	
" .. Saybrook	Harry Cheney & Co.	National Park Bank.
" .. \$25,000		
IND.... Kewanna	Citizens Bank.....	
" .. \$30,000	Nimri Paris, P. Robt. S. Paris, <i>Cas.</i>	
" ..	J. W. Paris, <i>V. P.</i>	
IOWA... Cresco	Cresco Union Sav. Bank.	Corbin Banking Co.
" .. \$100,000	J. J. Lowry, P. Robt. Thomson, <i>Cas.</i>	
" ..	C. K. Berg, <i>V. P.</i>	
" .. Hampton	Bank of Hampton.....	National Park Bank.
" ..	J. F. Latimer, P. D. D. Inglis, <i>Cas.</i>	
" .. Rippey.....	Bank of Rippey.....	
" .. \$20,000	Chas. H. Suydam, P. Charlotte L. Suydam, <i>Cas.</i>	
KAN.... Greensburg	Ross & Emmert.	Chase National Bank.
" .. \$87,000	Thos. J. Ross, P. Wm. S. Holabird, <i>Cas.</i>	
" .. Hutchinson	Nat. Bank of Commerce.	
" .. \$100,000	Geo. W. Hardy, P. F. E. Carr, <i>Cas.</i>	
" .. Kensington	Bank of Kensington.....	
" .. \$20,000	Jos. R. Burrow, P. Thos. L. Cook, <i>Cas.</i>	
" ..	Leo. Pyle, <i>Ass't Cas.</i>	
" .. Lakin.....	Kearney County Bank...	Lincoln National Bank.
" .. \$15,000	Clark M. Crawford, P. Benjamin B. Bacon, <i>Cas.</i>	
" .. Meade Center ..	Meade Co. Nat. Bank...	
" .. \$50,000	A. H. Heber, P. Willis G. Emerson, <i>Cas.</i>	
" .. Oswego.....	Deming Investment Co..	National Bank of the Republic.
" .. \$25,000	Nelson Case, P. Robt. O. Deming, <i>Treas.</i>	
" .. Riley.....	Riley Exchange Bank....	Bank of North America.
" ..	Chas. G. Wood, <i>Cas.</i>	
" .. Sedan.....	First National Bank....	Nat. Bank of the Republic.
" .. \$50,000	L. L. Turner, P. C. M. Turner, <i>Cas.</i>	
" ..	E. C. Ackarman, <i>V. P.</i> Jas. T. Bradley, <i>Ass't Cas.</i>	
" .. Spring Hill.....	R. W. Elstun & Co.	Spencer Trask & Co.
" .. Stafford.....	First National Bank....	National Park Bank.
" .. \$50,000	John Hall, P. Frank Cox, <i>Cas.</i>	
" ..	John H. Tvrrell, <i>Ass't Cas.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
KY....	Campbellsburgh	United Loan & Deposit B. \$19,000 Daniel F. Caplinger, <i>P.</i> Jacob S. Smith, <i>V. P.</i>	Sanford O. Boulware, <i>Cas.</i>
" ..	Hopkinsville...	First National Bank..... \$64,000 S. R. Crumbaugh, <i>P.</i> Geo. W. Graves, <i>V. P.</i>	Latham, Alexander & Co. Palmer Graves, <i>Cas.</i> Bailey Russell, <i>Ass't Cas.</i>
MD....	Baltimore....	Gustavus Ober.	
" ..	Middletown....	Valley Savings Bank..... Peter H. Bussard, <i>P.</i>	Herman L. Routzahn, <i>Treas.</i> Emery L. Coblentz, <i>Ass't Treas.</i>
MICH..	Gladstone.....	Exchange Bank.....	Fred. W. McKinney, <i>Cas.</i>
" ..	Marquette....	Knapp & Joslin.....	Western National Bank.
MINN..	St. Charles....	Bk'g House of Pfefferkorn Bros.	Hanover National Bank.
MISS..	Okolona.....	Okolona Bank..... John Trice, <i>P.</i> T. W. Williams, <i>V. P.</i>	Hanover National Bank. T. L. Bramlett, <i>Cas.</i>
MO....	Aurora.....	Bank of Aurora..... \$10,000 Carr McNatt, <i>P.</i> Fred. S. Baus, <i>V. P.</i>	Mansfield T. Davis, <i>Cas.</i> Bert. Gardner, <i>Ass't Cas.</i>
" ..	Kansas City....	Nat. Exchange Bank.... \$250,000 Thos. T. Crittenden, <i>P.</i> Geo. F. Walker, <i>V. P.</i>	Hanover National Bank. James S. Warden, <i>Cas.</i> Lucius H. Landon, <i>Ass't Cas.</i>
MONT..	Phillipsburgh...	Joseph A. Hyde.	Clark, Dodge & Co.
NEB..	Steinauer.....	Bank of Steinauer..... Joseph A. Steinauer, <i>P.</i>	Hanover National Bank. John Steinauer, <i>Cas.</i>
" ..	Tecumseh.....	Chamberlain Bk'g House. \$20,000 C. K. Chamberlain, <i>P.</i>	Merchants Exch. National Bank. Chas. M. Chamberlain, <i>Cas.</i>
" ..	Valley.....	Bank of Valley..... \$30,000 Clinton E. Mayne, <i>P.</i> John Riley, <i>V. P.</i>	James L. Whittingham, <i>Cas.</i>
" ..	Valparaiso....	State B. of Valparaiso... \$28,000 Frank A. Scoville, <i>P.</i>	Kountze Bros. Geo. A. Crafts, <i>Cas.</i>
N. H....	Concord.....	Union Guaranty Sav. B. Solon A. Carter, <i>P.</i>	Wm. F. Thayer, <i>Treas.</i>
N. Y...	Flushing.....	Flushing Bank..... \$25,000 Samuel B. Parsons, <i>P.</i> S. M. Franklin, <i>V. P.</i> Thos. S. Willetts, <i>V. P.</i>	Phenix National Bank. Wm. H. D. Nimmo, <i>Cas.</i>
OHIO..	Cincinnati....	North Side Bank..... \$50,000 Geo. L. Thomson, <i>P.</i>	Chase National Bank. Walter S. Titus, <i>Cas.</i>
ORE....	McMinnville....	McMinnville Nat. Bank.. \$50,000 J. W. Cows, <i>P.</i>	Clark Braly, <i>Cas.</i>
" ..	Prineville....	First National Bank..... \$50,000 John Sommerville.	T. M. Baldwin, <i>Cas.</i>
PENN..	Beaver.....	First National Bank..... \$50,000 E. B. Daugherty, <i>P.</i>	John M. Buchanan, <i>Cas.</i>
" ..	Columbia....	Central National Bank.. \$100,000 A. J. Kauffman, <i>P.</i> F. A. Bennett, <i>V. P.</i>	Joseph H. Zeamer, <i>Cas.</i>
TENN..	Bell's Depot....	Bank of Crockett..... \$6,733 D. H. Thomas, <i>P.</i> F. J. Wood, <i>V. P.</i>	Latham, Alexander & Co. F. B. Fisher, <i>Cas.</i>
" ..	Huntingdon....	Bank of Carroll..... \$30,000 Jas. P. Priestley, <i>P.</i> S. N. Williams, <i>V. P.</i>	National Bank of Deposit. R. F. Truslow, <i>Cas.</i>
" ..	Knoxville....	Knoxville Sav. B. & Trust Co. \$25,000 W. O. White, <i>P.</i>	Hanover National Bank. W. H. Goss, <i>Cas.</i>
" ..	McKenzie....	Bank of McKenzie..... \$12,500 Benj. P. Moore, <i>P.</i>	United States National Bank. Morgan Green, <i>Cas.</i>
TEXAS..	Hallettsville....	Lavaca Bank..... T. H. James, <i>P.</i> Cary Shaw, <i>V. P.</i>	S. M. Swenson & Sons. Friend Simpson, <i>Cas.</i>
" ..	Taylor.....	Taylor National Bank.. \$65,000 Joseph Speidel, <i>P.</i>	
" ..	Temple.....	Temple National Bank.. \$80,000 W. Goodrich Jones, <i>P.</i> C. L. McCay, <i>Cas.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
TEXAS..	Whitney... ..	Whitney Bank.....	S. M. Swenson & Sons.
	\$10,000	(Bowman & Abernathy)	
VA....	Christiansburg..	Bank of Christiansburg..	Ninth National Bank.
	\$33,600	Archer A. Phlegar, <i>P.</i>	Chas. I. Wade, <i>Cas.</i>
		R. D. M. Carleton, <i>V. P.</i>	
" ..	Dansville.....	Merchants Bank.....	Hanover National Bank.
	\$175,000	F. X. Burton, <i>P.</i>	Chas. L. Holland, <i>Cas.</i>
		J. R. Jopling, <i>V. P.</i>	
W. T....	North Yakima.	Yakima Nat. Bank.....	
		H. S. Rowe, <i>P.</i>	Geo. Donald, <i>Cas.</i>
" ..	Palouse.....	Bank of Palouse City....	Western National Bank.
		A. M. Cannon, <i>P.</i>	Bascombe H. Bennett, <i>Cas.</i>
			C. T. Cross, <i>Ass't Cas.</i>
Wis....	Centralia.....	Bank of Centralia.....	Union Bank.
		J. D. Witter, <i>P.</i>	I. E. Philleo, <i>Cas.</i>
" ..	West Superior..	Marine & Mercantile Bk..	Chemical National Bank.
	\$100,000	Wm. B. Banks, <i>P.</i>	Wm. H. Slack, <i>Cas.</i>
		R. J. Wemyss, <i>V. P.</i>	

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from March No., page 724.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
N. Y. City..	Bowery National Bank...	F. C. Mayhew, <i>A. Cas.</i>	.....
" ..	Importers & Traders Nat. B...	Geo. H. Hulm, <i>2nd A.C.</i>	.....
" ..	National Bank of Republic.	Oliver S. Carter, <i>V. P.</i>	.....
		C. H. Stout, <i>Ass't Cas.</i>	.....
ALA....	First Nat. Bank, Montgomery..	J. W. Dimmick, <i>P.</i>	W. L. Chambers.
" ..	Bank of Talladega, Talladega..	T. S. Plowman, <i>P.</i>	.....
" ..	Merchants Nat. B., Tuscaloosa.	W. R. Foster, <i>Cas.</i>	E. N. C. Snow.
ARK....	American National Bank,	B. F. Atkinson, <i>P.</i>	B. H. Tabor.
	Fort Smith.	S. Wheeler, <i>V. P.</i>	B. F. Atkinson.
" ..	First Nat. Bank, Fort Smith...	Sam'l McLud, <i>V. P.</i>	L. H. Roots.
CAL....	First National Bank,	John W. Roberts, <i>P.</i>	W. R. Fox.
	Colton.	W. R. Fox, <i>V. P.</i>	M. A. Murphy.
" ..	Farm' Ex'ge B. San Bernardino.	S. F. Zombro, <i>Cas.</i>	.....
" ..	First National Bank,	W. N. Crandall, <i>2nd V.P.</i>	.....
	San Bernardino.	Joseph Brown, <i>Cas.</i>	W. N. Crandall.
" ..	Sav. B. of San Diego, San Diego.	B. Howard, <i>P.</i>	Jas. N. Pierce.
" ..	Pacific Bank, San Francisco.	F. V. McDonald, <i>Cas.</i>	S. G. Murphy.
" ..	State Bank,	J. A. Green, <i>P.</i>	A. P. Anderson.
	San Jacinto.	James Kerr, <i>V. P.</i>	.....
		James McLaren, <i>Cas.</i>	John A. Green.
		G. T. Daggett, <i>Ass't Cas.</i>	.....
COL....	First Nat. Bank,	Irving Howbert, <i>P.</i>	R. E. Graves.
	Colorado Springs.	Chas. A. Noble, <i>A. Cas.</i>	.....
CONN..	Central National Bank,	Geo. M. Holmes, <i>P.</i>	A. S. Hurlbutt.
	Norwalk.	E. L. Boyer, <i>V. P.</i>	Geo. M. Holmes.
" ..	First Nat. B., South Norwalk..	E. K. Lockwood, <i>P.</i>	Dudley P. Ely.
DAK....	Bank of Ardock, Ardock.	E. R. Jacobi, <i>Cas.</i>	Fred. L. Streit.
" ..	First National Bank,	W. F. Holmes, <i>P.</i>	H. P. Watts.
	Casselton.	A. F. Neyhart, <i>V. P.</i>	W. F. Holmes.
" ..	Kingsbury Co. B., De Smet....	John Armstrong, <i>P.</i>	A. W. Newman.
" ..	Mer. Exchange B., Lake Preston	K. Lewis, <i>P.</i>	A. S. Sheperd.
" ..	Security Bank, Mitchell.....	Geo. H. Rathman, <i>Cas.</i>	J. H. Green.
D. C....	Nat. Safe Deposit Co., Wash.	E. Francis Riggs, <i>Treas.</i>	.....
FLA....	Merchants Nat. Bank, Ocala...	R. B. McConnell, <i>Act'g. C.</i>	.....
GA....	First National Bank, Newnan...	P. B. Murphy, <i>Cas.</i>	H. C. Fisher.
" ..	Newnan Nat. Bank, Newnan....	John S. Hollinshead, <i>Cas.</i>	R. W. Andrews.
ILL....	Rufus N. Ramsay, Carlyle.....	Miss Effie C. Ramsay, <i>C.</i>	John W. Corcoran*
" ..	American Exchange N. B. Chic	Geo. F. M. Orr, <i>Ass't C.</i>	.....
" ..	N. Live Stock B. of Chicago, Chic	Geo. E. Conrad, <i>Cas.</i>	Frank S. Washburn
" ..	Tazewell Co. N. B. Delavan...	James N. Hall, <i>Cas.</i>	R. Frey.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ILL.	John Weedman N. B., Farm. City	G. M. Kincaid, <i>Ass't Cas.</i>	.....
" ..	First National Bank, Lanark...	W. L. Franck, <i>Cas.</i>	John Paley.
" ..	First National Bank, Metropolis	R. W. McCarthy, <i>P.</i>	J. F. McCarthy.
" ..	First Nat. Bank, Moline.....	J. T. Browning, <i>V. P.</i>	C. Atkinson.
" ..	Commercial Nat. Bank, Peoria.	C. B. Allaire, <i>V. P.</i>	Eliot Callender.
" ..	First Nat. Bank, Shelbyville...	H. M. Scarborough, <i>V. P.</i>	P. Parker.
" ..	First Nat. Bank, Wenona.....	J. W. H. Hodge, <i>A. Cas.</i>	.....
ND.....	First Nat Bank, Crawfordsville.	Joseph Milligan, <i>P.</i>	W. H. Durham.
" ..	Bank of Commerce, Indianapolis.	Newland T. DePauw, <i>P.</i>	John H. Stewart.
" ..	First Nat. Bank, Jeffersonville..	John W. Ray, <i>V. P.</i>	.....
" ..	First Nat. Bank, Mount Vernon...	Wm. Bosson, <i>Cas.</i>	John W. Ray.
" ..	First Nat. Bank, Terre Haute...	S. C. Taggart, <i>P.</i>	J. H. McCampbell.*
" ..	First Nat. Bank, Wabash.....	Albert Wade, <i>Ass't Cas.</i>	G. W. Robertson.
" ..	Washington National Bank,	A. Rosenberg, <i>Cas.</i>	H. S. Deming.
" ..	Washington.	John Whisler, <i>V. P.</i>	.....
" ..	Des Moines Nat. Bank,	W. M. Hayes, <i>Cas.</i>	R. N. Read.
" ..	Des Moines.	N. G. Read, <i>Ass't Cas.</i>	W. M. Hayes.
IA.....	Des Moines Nat. Bank,	R. T. Wellslager, <i>P.</i>	John Wyman.
" ..	Des Moines.	V. F. Newell, <i>Cas.</i>	R. T. Wellslager.
" ..	Merchants Nat. B. Des Moines.	W. R. Graham, <i>P.</i>	Adam Howell.
" ..	Commercial N. B. Dubuque...	C. H. Booth, <i>P.</i>	R. E. Graves.
" ..	First National Bank,	Chas. von Schrader, <i>Cas.</i>	M. Dalzell.
" ..	Maquoketa.	M. Dalzell, <i>Ass't Cas.</i>	.....
" ..	Bank of Ogden,	A. Clark, <i>P.</i>	F. Sylvester.
" ..	Ogden.	S. W. Clark, <i>Cas.</i>	F. B. Moore.
KAN....	First National Bank,	S. A. Darrough, <i>P.</i>	T. H. Stevens.
" ..	Anthony.	D. F. Sholly, <i>V. P.</i>	S. A. Darrough.
" ..	State Bank of Ashland,	A. M. Van Laningham, <i>P.</i>	Thos. O. Moffett.
" ..	Ashland.	Thos. O. Moffett, <i>V. P.</i>	.....
" ..	State Bank,	Jas. Y. Finley, <i>V. P.</i>	.....
" ..	Cherryvale.	R. T. Webb, <i>Cas.</i>	S. E. Engle.
" ..	Merchants Nat. B'k, El Dorado.	G. H. Parkhurst, <i>V. P.</i>	.....
" ..	Central National Bank,	M. K. Brundage, <i>Cas.</i>	Edward H. Tenney.
" ..	Ellsworth.	Geo. A. Tenney, <i>Ass't C.</i>	.....
" ..	First National Bank,	E. T. Peck, <i>Cas.</i>	James S. Warden.
" ..	Frankfort.	N. T. Ames, <i>Teller.</i>	.....
" ..	B. of Western Kan. Garden City	E. M. Hatcher, <i>Cas.</i>	T. M. Dickey.
" ..	Bank of Glen Elder, Glen Elder	O. F. Page, <i>P.</i>	E. E. Parker.
" ..	Citizens Bank,	Louis O. Smith, <i>P.</i>	C. E. Bush.
" ..	Haven.	J. E. Lang, <i>Cas.</i>	Louis O. Smith.
" ..	Howard State Bank,	J. J. Pyle, <i>P.</i>	W. S. Lambert.
" ..	Howard.	W. S. Lambert, <i>V. P.</i>	.....
" ..	Farmers & Drovers B., Kingman.	A. W. Kirby, <i>Cas.</i>	T. P. Campbell.
" ..	First Nat. Bank, Leavenworth.	J. R. Griffith, <i>Cas.</i>	.....
" ..	First Nat. Bank, Ness City	J. M. Graybill, <i>V. P.</i>	W. P. Rice.
" ..	International Bank, Newton....	Louis Lombard, <i>V. P.</i>	.....
" ..	First Nat. Bank, Oberlin.....	W. R. Doty, <i>Cas.</i>	Ed. Corette.
" ..	First National Bank,	J. B. Hitchcock, <i>P.</i>	A. L. Patchin.
" ..	Osborne.	Cyrus Heren, <i>P.</i>	W. H. Burke.
" ..	First National Bank, Topeka...	Allen Clark, <i>V. P.</i>	W. T. Earls.
" ..	State Nat. Bank, Wellington...	J. A. Earls, <i>Ass't Cas.</i>	.....
" ..	Kiowa County Bank,	Wm. Sims, <i>V. P.</i>	Wm. Wellhouse.
" ..	Wellsford.	Geo. H. Hunter, <i>V. P.</i>	Wm. Myers.
" ..	Fourth National Bank,	T. R. Andrews, <i>P.</i>	J. H. Evans.
" ..	Wichita.	H. B. Andrews, <i>Cas.</i>	A. C. Morris.
" ..	First Nat. Bank, Winfield....	R. T. Bean, <i>P.</i>	W. K. Carlisle.
" ..	Woodsdale State Bank,	H. M. Duck, <i>Ass't Cas.</i>	.....
" ..	Woodsdale.	Geo. W. Robinson, <i>V. P.</i>	M. L. Robinson.
" ..	City Bank, Hopkinsville.....	M. M. Wells, <i>P.</i>	A. J. Bennett.
" ..	Marion Nat. Bank, Lebanon...	J. D. Murray, <i>V. P.</i>	.....
" ..	Second National Bank,	F. A. Butterfield, <i>Cas.</i>	F. W. Metz.
" ..	Richmond.	F. W. Metz, <i>Ass't Cas.</i>	.....
" ..	First Nat. Bank, Hopkinsville.....	E. B. Long, <i>Cas.</i>	.....
" ..	Marion Nat. Bank, Lebanon...	B. R. Edmonds, <i>Ass't C.</i>	.....
" ..	Second National Bank,	J. P. Herndon, <i>P.</i>	J. Stone Walker.
" ..	Richmond.	W. T. Tevis, <i>V. P.</i>	J. P. Herndon.
" ..	First Nat. Bank, Hopkinsville.....	J. Stone Walker, <i>Cas.</i>	J. B. Walker.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ME....	Oakland Nat. Bank, Gardiner..	Joseph Perry, <i>V. P.</i>.....	.....
MASS...	Tremont National Bank, Boston	Aaron Hobart, <i>P.</i>.....	.....
"	First National Bank, Chelsea..	Thos. Martin, <i>V. P.</i>.....	.....
"	Metacomet N. B., Fall River...	Geo. H. Borden, <i>Cas.</i>	Azariah S. Tripp*
"	Cape Cod Nat. Bank, Harwich. }	Edw. E. Crowell, <i>P.</i>	Isaac H. Loveland.
"	First Nat. Bank, Salem.....	Levi Eldridge, <i>V. P.</i>	Edw. E. Crowell.
"	First Nat. B., South Weymouth..	L. S. Tuckerman, <i>V. P.</i>	W. G. Webber.
MICH...	First Nat. Bank, Cheboygan...	L. M. White, <i>Ass't Cas.</i>.....	.....
"	City National Bank, Kalamazoo. }	A. W. Ramsay, <i>A. Cas.</i>.....	.....
"	First Nat. Bank, Manistee.....	Chas. A. Peck, <i>V. P.</i>	H. M. Peck.
"	Muskegon Nat. B'k, Muskegon..	E. C. Dayton, <i>Cas.</i>	Chas. A. Peck.
"	Scandinavian-American Bank, St. Paul. }	James Dempsey, <i>V. P.</i>	M. Engelman.
"	St. Johns Nat. B'k, St. Johns..	Geo. A. Abbott, <i>Cas.</i>	Frank Wood.
"	First Nat. B., Traverse City....	J. A. Swenson, <i>Cas.</i>	Geo. P. Sjoblom.
MINN..	Citizens Nat. Bank, Faribault..	J. B. Jensen, <i>Ass't Cas.</i>.....	.....
"	Yellow Medicine County Bank, Granite Falls. }	R. C. Dexter, <i>Ass't C.</i>.....	.....
"	First National Bank, Minneapolis. }	A. S. Thompson, <i>A. Cas.</i>.....	.....
"	Bank of Ortonville, Ortonville. }	Geo. Pease, <i>Ass't Cas.</i>.....	.....
"	Rochester National Bank, Rochester. }	F. H. Wellcome, <i>P.</i>.....	.....
MISS..	Capital State Bank, Jackson..	B. F. Pillsbury, <i>V. P.</i>.....	.....
"	Bank of Water Valley, Water Valley. }	Bert Winter, <i>Cas.</i>.....	.....
MO....	Commercial Bank, Boonville. }	M. C. Sullivan, <i>Ass't Cas.</i>.....	.....
"	Butler Nat. Bank, Butler.....	Henry G. Sidle, <i>P.</i>	Jacob K. Sidle.*
"	American National Bank, Kansas City. }	H. K. Sidle, <i>Cas.</i>	Henry G. Sidle.
"	American National Bank, Union Av. Office, Kan. Cy. }	C. K. Sidle, <i>A. Cas.</i>	H. K. Sidle.
"	German-American Nat. B., Kansas City. }	Chas. E. Brooks, <i>P.</i>	A. Scheffer.
"	Bank of Springfield, Springfield. }	E. J. Miller, <i>Cas.</i>	Chas. E. Brooks.
"	Merchants Bank, St. Joseph..	R. W. Chadbourn, <i>P.</i>	C. H. Chadbourn.
MONT..	Gallatin Nat. Bank, Bozeman..	T. H. Bliss, <i>V. P.</i>	N. C. Younglove.
NER....	First Nat. Bank, Chadron.....	R. W. Millsaps, <i>P.</i>	S. T. Barnett.
"	First National Bank, Columbus..	D. R. Wagner, <i>P.</i>	A. A. Bryant.
"	First Nat. Bank, Exeter.....	G. D. Able, <i>Cas.</i>	W. C. Shackelford.
"	First National Bank, Fairmont..	J. F. Gmelich, <i>P.</i>	John S. Elliott.
"	State Bank of Gibbon, Gibbon..	Wm. Johnson, <i>V. P.</i>	J. F. Gmelich.
"	Brown County Bank, Long Pine. }	B. Powell, <i>V. P.</i>	C. C. Dukes.
"	Farmers & Merchants Bank, McCook. }	Harry P. Stimson, <i>P.</i>	W. B. Grimes.
"	State Nat. Bank, Omaha.....	D. V. Rieger, <i>Cas.</i>	Harry P. Stimson.
"	Osceola Bank, Osceola. }	J. E. McKee, <i>M'gr.</i>	D. V. Rieger.
"	Schuyler Nat. Bank, Schuyler..	J. W. Swain, <i>V. P.</i>	W. F. Wyman.
"	St. Paul Nat. Bank, St. Paul. }	W. F. Wyman, <i>Cas.</i>	Louis Bauerlein.
N. H...	Citizens Nat. Bank, Tilton....	J. F. G. Bentley, <i>P.</i>	B. F. Hobart.
N. J....	German National Bank, Newark. }	J. A. Stoughton, <i>V. P.</i>.....	.....
"	First National Bank, Somerville }	J. W. Hall, <i>Cas.</i>	A. H. Rogers.
"		D. McDonald, <i>Cas.</i>	W. H. Bohart.
"		Jas. D. Radford, <i>Ass't C.</i>	P. Koch.
"		De F. Richards, <i>V. P.</i>.....	.....
"		J. H. Galley, <i>V. P.</i>.....	.....
"		O. P. Baker, <i>V. P.</i>	P. J. Faling.
"		Chas. E. Walters, <i>Cas.</i>	Irvine B. Chase.
"		C. E. Woodruff, <i>P.</i>	J. P. Hartman, Jr.
"		S. G. Glover, <i>P.</i>	C. R. Glover.
"		C. R. Glover, <i>Cas.</i>	W. L. Whittemore.
"		Ed. L. Whittemore, <i>A. C.</i>.....	.....
"		H. D. Spearman, <i>P.</i>.....	.....
"		Frank H. Spearman, <i>C.</i>.....	.....
"		E. E. Whaley, <i>P.</i>	Elijah L. Lyon.
"		John H. Mickey, <i>P.</i>	A. Nance.
"		B. F. Buffington, <i>Cas.</i>	John H. Mickey.
"		H. C. Wright, <i>V. P.</i>.....	.....
"		A. C. Rowell, <i>Cas.</i>	A. G. Kendall.
"		D. L. Johnson, <i>A. Cas.</i>	A. C. Rowell.
"		Arthur T. Cass, <i>A. Cas.</i>.....	.....
"		Edwin M. Douglas, <i>P.</i>	Isador Lehman.
"		Edward C. Fletcher, <i>C.</i>	Edwin M. Douglas.
"		Peter Dewitt, <i>P.</i>	Nelson Young.
"		J. Amerman, <i>V. P.</i>.....	.....

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y.	Camb'dge Valley N.B. Camb'dge	B. P. Crocker, <i>V. P.</i>	B. Long.
"	Putman County Nat. B., Carmel	Stephen Ryder, <i>Ass't C.</i>.....	.....
"	First Nat. Bank, Cobleskill.	Chas. H. Shaver, <i>P.</i>	J. R. Herrick.
"	Deposit Nat. Bank, Deposit.	John H. Tator, <i>V. P.</i>	Chas. H. Shaver.
"	Third National Bank, Malone.	Chas. P. Knapp, <i>Cas.</i>	Herbert W. Knapp*
"	First National Bank, Mechanicsville	Chas. A. Wheeler, <i>A. C.</i>	Chas. P. Knapp.
"	Union Bank, Medina.	S. A. Beman, <i>P.</i>	Oliver Howard.
"	Moravia Nat. Bank, Moravia.	Wm. W. Smith, <i>P.</i>	Geo. Rogers.
"	Oswego National B'k. Oswego.	David Akin, <i>V. P.</i>	Wm. W. Smith.
"	Central National Bank, Rome.	Edmund L. Pitts, <i>P.</i>	Wm. H. Watson.*
"	First National Bank, Rome.	Harry F. Welton, <i>A. C.</i>.....	.....
"	Third National Bank, Syracuse.	Wm. Keeler, <i>P.</i>	S. Edwin Day.
"	Manufacturers Nat. B., Troy.	D. M. Pitcher, <i>P.</i>	Chas E. Parker.
N. C.	Commercial Nat. B., Charlotte.	A. W. Orton, <i>P.</i>	J. Stevens.
"	Bank of Durham, Durham.	John E. Bielby, <i>Cas.</i>	C. S. Griffith.
"	First Nat. Bank, Winston.	T. G. Nock, <i>P.</i>	F. H. Thomas.
"	City Nat. Bank, Akron.	J. G. Bissell, <i>V. P.</i>.....	.....
"	Second Nat. Bank, Akron.	C. Petrie, <i>Cas.</i>	N. F. Thomas.
"	Farmers National Bank, Bryan.	Geo. P. Hier, <i>P.</i>	Lucius Gleason.
"	First Nat. Bank, Bucyrus.	Lucius Gleason, <i>V. P.</i>	Frank Hiscock.
"	Guernsey Nat. B., Cambridge.	Edwin Murphy, Jr. <i>V. P.</i>	C. R. Stone.
"	City Nat. Bank, Canton.	J. S. Spencer, <i>P.</i>	Lawrence S. Holt.
"	Ross Co. Nat. B., Chillicothe.	W. S. Halliburton, <i>Cas.</i>	P. A. Wiley.
"	Fidelity Safe Dep. & Trust Co., Cincinnati.	C. Hamlin, <i>V. P.</i>	S. H. Hodgins.
"	Galion Nat. Bank, Galion.	A. N. Sanford, <i>Cas.</i>	A. Waggoner.
"	First National Bank, Ironton.	Geo. T. Perkins, <i>Cas.</i>	N. A. Sanford.
"	Hocking Valley N.B., Lancaster.	Elmore Y. Morrow, <i>P.</i>	John W. Leidigh.
"	First Nat. Bank, Monroeville.	Martin V. Garver, <i>Cas.</i>	Elmore Y. Morrow.
"	Peoples Nat. Bank, Newark.	Horace Rouse, <i>V. P.</i>	John Kaler.
"	First National Bank, New London.	C. F. Craig, <i>Ass't Cas.</i>.....	.....
"	Second National Bank, Ravenna.	Johnson Sherrick, <i>V. P.</i>	H. C. Ellison.
"	Northern Nat. Bank, Toledo.	Wm. Poland, <i>V. P.</i>.....	.....
"	Toledo Sav. & B. Trust Co., Toledo.	Bellamy Storer, <i>P.</i>.....	.....
"	First Nat. Bank, Wellsville.	F. O. Suire, <i>Sec. & T.</i>.....	.....
"	Wayne Co. Nat. B., Wooster.	C. A. Snyder, <i>A. Cas.</i>.....	.....
"	First National Bank, Arlington.	E. W. Bixby, <i>Cas.</i>	Henry B. Wilson.
"	Lehigh Valley Nat. Bank, Bethlehem.	C. H. Moore, <i>A. Cas.</i>	E. W. Bixby.
"	Second National Bank, Clarion.	Edw. Mithoff, <i>A. Cas.</i>	Geo. Mithoff.
"	Elizabethtown Exch. B. Eliz'twn.	J. S. Davis, <i>P.</i>	S. D. Fish*
"	Nat. Bank of Malvern.	W. N. Fulton, <i>P.</i>	Gibson Atherton.
"	Second Nat. B., Mechanicsburg.	I. S. Townsend, <i>P.</i>	A. S. Johnson.
"	N. B. of New Brighton, New B.	A. J. Gridley, <i>V. P.</i>	I. S. Townsend.
"	First Nat. Bank, Newville.	D. C. Coolman, <i>P.</i>	E. T. Richardson.
"	Third Nat. B., Philadelphia.	W. Holcomb, <i>V. P.</i>	D. C. Coolman.
"	Masonic Bank, Pittsburgh.	James Secor, <i>2nd V. P.</i>.....	.....
"	First Nat. B., Williamsport.	Chas. F. Curtis, <i>P.</i>	Richard Mott.*
"	Nat. Niantic Bank, Niantic.	Chas. L. Reynolds, <i>V. P.</i>.....	.....
R. I.		H. B. Nicholson, <i>A. Cas.</i>.....	.....
		W. S. Peckinpaugh, <i>A. C.</i>.....	.....
		J. E. Frick, <i>V. P.</i>	E. C. Frick.
		H. C. Wortman, <i>Cas.</i>	J. E. Frick.
		Robt. P. Linderman, <i>P.</i>	Francis Weiss.*
		T. M. Dodson, <i>V. P.</i>.....	.....
		Geo. A. Reed, <i>A. Cas.</i>.....	.....
		A. Cook, <i>P.</i>	James T. Maffett.
		David Bowman, <i>V. P.</i>	A. Cook.
		J. H. Eshelman, <i>Cas.</i>	Adam Reem.
		Christian Lapp, <i>P.</i>.....	.....
		Wm. G. Cox, <i>V. P.</i>	Christian Lapp.
		M. Milleison, <i>A. Cas.</i>.....	.....
		Geo. Davidson, <i>Cas.</i>	Chas. M. Merrick.
		James McKeehan, <i>P.</i>	John Waggoner.
		John Waggoner, <i>V. P.</i>	L. H. Randall.
		Geo. Myers, <i>V. P.</i>.....	.....
		Wm. R. Christian, <i>A. C.</i>	W. Dwight Bell.
		J. W. Peirson, <i>A. Cas.</i>.....	.....
		T. W. Segar, <i>V. P.</i>.....	.....

* Deceased.

	<i>Rank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
S. C....	Simond Nat. Bank, Sumter....	W. Alston Pringle, Jr. C. A. White, Jr.	
TENN ..	Chattanooga N. B., Chattanooga	J. P. Hoskins, <i>A. Cas.</i> ...	D. Call McMillin.
" ..	First Nat. Bank, Clarksville....	J. P. Y. Whitfield, <i>P.</i>	S. F. Beaumont.
TEXAS..	First Nat. Bank, Burnet.	C. T. Dalton, <i>V. P.</i>	J. L. Hansford.
" ..	First Nat. Bank, Comanche....	G. A. Beeman, <i>V. P.</i>	
" ..	First Nat. Bank, Denison....	C. W. Pyle, <i>Cas.</i>	
" ..	City Nat. Bank, Fort Worth....	Chas. Schenber, <i>V. P.</i> ...	C. B. Daggett, Jr.
" ..	First Nat. Bank, Gainesville....	D. T. Lacy, <i>V. P.</i>	R. S. Rollins.
VA....	Chatham Savings Bank, {	Richard White, <i>V. P.</i>	
" ..	Chatham. {	E. S. Reid, <i>Cas.</i>	
" ..	Nat. Bank of Va., Richmond....	Geo. L. Christian, <i>V. P.</i>	Thos. W. McCann.
W. VA..	Merchants Nat. B. of W. Va., {	John A. Dille, <i>P.</i>	John J. Brown.
" ..	Morgantown. {	E. H. Combs, <i>Cas.</i>	Wm. Wagner.
" ..	" ..	C. R. Durbin, <i>A. Cas.</i>	
WIS....	First Nat. Bank, Elkhorn.	J. J. Dewey, <i>V. P.</i>	H. Adkins.
" ..	First Nat. Bank, Milwaukee....	T. E. Camp, <i>A. Cas.</i>	
Wyo..	Cheyenne National Bank, {	E. R. Hurd, <i>V. P.</i>	C. F. Miller.
" ..	Cheyenne. {	F. E. Addoms, <i>Cas.</i> ...	John W. Collins.
N. S....	Peoples B. of Halifax, Halifax. R. T. Braine, <i>Cas.</i> ...	Peter Jack.*	
" ..	Bank of N. S., New Glasgow.. I. Johnstone, <i>Agent.</i>	Jas. M. Carmichael.	
" ..	Bank of N. S., Stellarton.	G. R. Murray, <i>Agent.</i>	I. Johnstone.
" ..	Ex'ch. B. of Yarmouth, Yarmouth W. D. Lovitt, <i>P.</i>	A. C. Robbins.	

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from March No., page 727.)

3850	First National Bank.....	E. B. Daugherty,	
	Beaver, Pa.	John M. Buchanan,	\$50,000
3851	First National Bank.....	John Sommerville,	
	Prineville, Ore.	T. M. Baldwin,	50,000
3852	First National Bank.....	John Hall,	
	Stafford, Kan.	Frank Cox,	50,000
3853	Meade County Nat. Bank.....	A. H. Heber,	
	Meade Center, Kan.	Willis G. Emerson,	50,000
3854	Merchants National Bank.....	Jacob O. Curry,	
	Aurora, Ill.	Wm. C. Estee,	100,000
3855	First National Bank.....	L. L. Turner,	
	Sedan, Kan.	C. M. Turner,	50,000
3856	First National Bank.....	Sam'l R. Crumbaugh,	
	Hopkinsville, Ky.	Palmer Graves,	64,000
3857	McMinnville National Bank. .	J. W. Cows,	
	McMinnville, Ore.	Clark Braly,	50,000
3858	Temple National Bank.....	W. Goodrich Jones,	
	Temple, Texas.	C. L. McCay,	80,000
3859	Taylor National Bank.....	Joseph Speidel,	
	Taylor, Texas.		65,000
3860	First Nat. Bank.....	Geo. Arthur Rice,	
	Grand Junction, Col.	J. F. McFarland,	50,000
3861	Nat. Bank of Commerce.....	Geo. W. Hardy,	
	Hutchinson, Kan.	F. E. Carr,	100,000
3862	Yakima Nat. Bank.....	H. S. Rowe,	
	North Yakima.	Geo. Donald,	50,000

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS :	Mar. 5.	Mar. 12.	Mar. 19.	Mar. 26.
Discounts	6 @ 7 ..	5½ @ 7 ..	6 @ 7 ..	6 @ 7 ..
Call Loans	3 @ 2 ..	3 @ 2½ ..	3 @ 2½ ..	2½ @ 1½
Treasury balances, coin	\$129,513,784 .	\$129,852,499 .	\$129,779,998 .	\$130,855,743
Do. do. currency	18,204,399 .	12,438,371 .	12,410,643 .	12,270,108

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from March No., page 727.)

- ALA.... Mobile..... Thos. P. Miller & Co., reported failed.
- COL.... Rico..... Davis, Mathews & Webb, succeeded by Dolores County Bank.
- CONN.. Willimantic... Willimantic Savings Institute, reported closed temporarily.
- DAK.... Ashton..... First National Bank has gone into voluntary liquidation.
- " .. Bismarck..... Bismarck National Bank has gone into voluntary liquidation.
- " .. Freeman..... Bank of Freeman (Buechler & Gross), now C. Buechler, proprietor.
- D. C... Washington... Jacob Rich, succeeded by Rich & Co.
- ILL.... Chicago..... Union Stock Yard National Bank, expired by limitation.
- " .. Edwardsville... West & Prickett, succeeded by Wm. R. Prickett & Co.
- " .. Saybrook..... Bellan & Freeman, succeeded by Harry Cheney & Co.
- IOWA .. Cresco..... Bank of Cresco & Howard County Bank, succeeded by Cresco Union Savings Bank.
- " .. Dubuque..... Commercial National Bank has been placed in the hands of a receiver.
- " .. Hampton..... First National Bank, succeeded by Bank of Hampton.
- " .. Lehigh..... Lehigh Valley Bank (Hall & Sons), now Hall, Son & Co. proprietors.
- " .. Oskaloosa.... Frankel, Bach & Co., now I. Frankel.
- KAN ... Greensburg... First National Bank, succeeded by Ross & Emmert.
- " .. Meade Center.. Meade County Bank, now Meade County National Bank, same officers.
- " .. Stafford..... Bank of Stafford, succeeded by First National Bank, same officers and correspondents.
- " .. Weir City..... Weir City Bank (A. Cragin & Son), now James Dennis proprietor.
- MINN .. Duluth..... Duluth National Bank has gone into voluntary liquidation.
- " .. Granite Falls... Yellow Medicine County Bank (F. H. Wellcome), has been incorporated.
- " .. Sacred Heart... Bank of Sacred Heart has transferred its business to Granite Falls.
- " .. Sauk Rapids... Benton County Bank, sold out to German-American National Bank, St. Cloud.
- MISS... Aberdeen..... Gattman & Co., reported failed.
- " .. Okolona..... Bank of Okolona, succeeded by Okolona Bank.
- NEB.... Crete..... Eastern Banking Co. has removed to Hastings.
- " .. Valparaiso.... Bank of Valparaiso, succeeded by State Bank of Valparaiso, same officers.
- " .. Willow Springs. Garfield County Bank has removed to Burwell.
- N.Y.... Newburgh..... John R. Wiltzie & Co., reported failed.
- N. C.... Raleigh..... State National Bank failed.
- OHIO... Akron..... Bank of Akron, merged into Second National Bank.
- " .. Canal Fulton.. Fulton Bank (J. M. Bergold), now Alden J. Kittinger proprietor.
- TENN.. Huntingdon... Truslow Jewelry & Banking Co., succeeded by Bank of Carroll.
- TEXAS.. Flatonia..... Kerr, Moore & Co., succeeded by M. Cockrill.
- " .. Whitney..... J. N. Porter, succeeded by Whitney Bank.
- WIS... West Superior.. William B. Banks, now Marine & Mercantile Bank, same correspondents.

The reports of the New York Clearing-house returns compare as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Mar. 3..	\$367,500,300	\$75,309,700	\$31,822,300	\$377,549,200	\$7,601,700	\$18,744,700
" 10..	369,197,100	74,392,300	31,634,400	378,157,600	7,632,500	11,487,300
" 17..	369,695,400	72,798,700	31,687,800	377,657,000	7,622,700	10,012,250
" 24..	369,377,800	72,541,400	30,641,100	375,077,100	7,613,900	9,413,225
" 31..	368,532,000	71,351,300	31,124,000	373,318,900	7,602,700	9,145,575

The Boston bank statement is as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Mar. 3.....	\$145,179,000	\$9,289,800	\$3,150,600	\$109,649,900	\$6,519,000
" 10.....	144,310,700	8,837,900	2,976,600	108,665,800	6,514,100
" 17.....	143,027,800	8,619,300	3,037,100	107,444,500	6,532,200
" 24.....	141,070,100	8,735,900	3,052,200	106,502,100	6,512,500

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1888.	Loans.	Reserves.	Deposits.	Circulation.
Mar. 3.....	\$86,639,500	\$22,538,600	\$83,394,900	\$2,319,740
" 10.....	88,079,000	22,968,600	84,582,300	2,317,990
" 17.....	88,662,600	23,364,100	86,370,300	2,453,650
" 24.....	88,847,700	22,679,600	85,342,700	2,453,490
" 31.....	88,222,600	22,225,300	84,053,600	2,451,490

DEATHS.

BINGHAM.—On March 10, aged seventy years, LUCIUS C. BINGHAM, partner of the firm of Bingham Bros., Mount Morris, N. Y.

BROWN.—On February 16, J. WOODS BROWN, President of First National Bank, Milton, Penn.

CARSON.—On March 17, aged fifty-eight years, JAMES M. CARSON, Cashier of Simons National Bank, Sumter, S. C.

DAVIS.—On February 9, aged sixty-six years, CHAUNCEY DAVIS, President of Lumberman's National Bank, Muskegon, Mich.

DOWNER.—On March 7, aged forty-three years, CHARLES DOWNER, Teller of National Bank of Castleton, Castleton, N. Y.

EMERSON.—On February 27, aged fifty-eight years, A. C. EMERSON, Partner of the firm of Emerson & Co., Warrensburgh, N. Y.

JACK.—On February 8, aged sixty-two years, Peter Jack, Cashier of Peoples Bank of Halifax, Halifax, Nova Scotia.

KNAPP.—On February 13, aged thirty-eight years, HERBERT W. KNAPP, Cashier of Deposit National Bank, Deposit, N. Y.

MCCAMPBELL.—On February 15, aged seventy-one years, JAMES H. MCCAMPBELL, President of First National Bank, Jeffersonville, Ind.

TOMLINSON.—On March 8, T. H. TOMLINSON, Cashier of Bradford National Bank, Bradford, Penn.

TRIPP.—On February 15, aged sixty-one years, AZARIAH S. TRIPP, Cashier of Metacomet National Bank, Fall River, Mass.

WHEELER.—On March 21, aged eighty-two years, I. S. WHEELER, President of Framingham National Bank, Framingham, Mass.

THE
BANKER'S MAGAZINE
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VOLUME XLII.

MAY, 1888.

No. II.

BOND PURCHASING.

The Secretary of the Treasury has at last resumed the policy of purchasing the national bonds, which, in our judgment, ought not to have been discontinued last year. It may be said, though, in defense of his course, that he has had a doubt concerning his right to buy them, and did not feel justified in doing so without a clear expression of opinion by Congress. This has finally been given, and so the old policy has been resumed. Congress, knowing of the doubt that the Secretary had on the subject, ought to have removed it at the opening of the session; and had that body done so, doubtless a considerable amount of bonds would have been purchased before now. Yet, as the Secretary has remarked, the redeeming of the national indebtedness ought not to lessen the efforts of Congress to amend our revenue laws wherever improvement is possible.

We have contended, as our readers know, from the beginning, that the most practicable mode of dealing with the surplus is to apply it on the national debt. Other expedients have been mentioned, but these have proved to be of little account. Perhaps that, after looking around so fully, hoping to find other expedients, the people will be more content with this policy—even though a considerable premium on the bonds must be paid in order to obtain them—than they would be if no such endeavor to find other expedients had been attempted. The delay, therefore, will yield some gain, yet it is pretty costly, as several months of interest have accrued and must be paid, which might have been

saved had the policy of purchasing the bonds been continued without interruption. It is to be hoped that now, having searched so keenly for other modes of applying the surplus and failed, that Congress and the Executive will be content to continue this policy faithfully until the last dollar of national indebtedness has been discharged.

There are those who look with disquietude on the resumption of the policy, fearing that the national banking system must disappear if the national bond basis is cut away beneath it. This is another illustration of the familiar fact that the world is constantly anticipating trouble; for we have no doubt that this evil, with which some persons are darkening the future, is purely imaginary; so imaginary, indeed, that it is hardly deserving of consideration at the present time. Nevertheless, a brief consideration may not be out of place. Most persons, on whom the national banking system has the strongest hold, remember vividly the older systems of banking, with their imperfect and untrustworthy circulation and constantly varying rates of exchange, whereby the business interests of the country suffered serious injury. It is feared that if the national banking system should die, that the circulation of the country would be impaired, and, consequently, that all the interests of the country would suffer by the change. This, perhaps, is the leading thought in the minds of those who fear the consequences of the drying up of the national banking system; but these fears do not spring from reason.

In the first place, so far as the banks themselves are concerned, those in the large cities do not care for a circulation of their own. Their profits are made on the deposits which they receive; and those accruing from the circulation at the present time are too small to be worthy of much consideration. Therefore, we repeat, that they are not especially desirous of having the national debt perpetuated, in order to make profits on a note circulation. The country banks, however, which have small deposits, are not so well favored for money-making. It is asserted that in many places it is quite needful to get an income from circulation in order to render banking profitable; and this claim is doubtless valid and worthy of consideration; for the utility of banks, and especially in the smaller places, cannot be questioned. They perform a great service to the community in which they are located. There are thousands of small places in which banks might be started, especially if they could derive a little profit on their circulation, and they would be a great economy to their respective communities. Nevertheless, our country is rapidly growing, the small villages soon become large ones, and although banking in many of them may not afford much profit in the beginning, yet

it soon comes, in the natural order of things. However, a solid basis for circulation would be a good thing for them, and if another could be found as a substitute for the national bonds, it should be adopted. If this be true, then we are led to inquire why may not other securities of an unquestioned character be substituted in place of the national bonds, the Government guaranteeing the payment of the notes based thereon? Of course, the circulation would be just as well secured in that case as it is at present, as the Government would be the direct guarantor. Furthermore, there would be more justice in collecting a tax from the banks for thus guaranteeing their circulation, than there is for collecting the tax now assessed on them, and it would be paid more willingly, too, for the banks would feel that then the Government was rendering a real and special service to them for which a remuneration might properly be asked and paid. The objection will instantly be raised, what securities shall be taken? and will not some scheme be adopted whereby the Government will be loaded down with worthless bonds, and so become the loser ultimately, through the failure of some of these institutions to pay their circulation? But the answer is, that the country to-day has a large amount of first-class securities—the bonds of old railroad companies, which have a permanent basis, and which are quite as safe as the bonds of the National Government; and the unanswerable evidence of this is that the bonds of not a few corporations bring almost as high a price in the market as those issued by the Government. A rule might be prescribed for receiving bonds, which would be safe both for the Government and the banks, and thus all danger of cutting away the basis of a banking circulation in consequence of paying the national bonds would cease. The amount of notes issued by the banks most desirous of having a circulation would doubtless not be large, for the banks needing a circulation and caring for it are the new ones, and in the small places, and which possess only a small capital. Moreover, as the small banks grow and their profits on deposits increase, they, too, would care less for the profit on circulation than they now care, in their days of their infancy, so to speak, to possess it.

In the third place, so far as the payment of bonds may compel the retirement of the circulation of the banks, and thus lessen the amount of the currency, the objection is not weighty, for the reason, as we have explained before, that the additions of gold and silver to the circulation, and the economic expedients for the use of money, bank checks, bills of exchange, etc., and the greater rapidity of circulation in consequence of multiplying banks, and the extension of railroad facilities, more than supply the loss or injury occasioned by the withdrawal of the bank circulation.

If the Government should continue to apply the surplus toward paying the bonds, it is popularly supposed that in a few years the national debt would be extinguished. This, of course, depends entirely on the amount of surplus that can be devoted to its reduction. During the last two or three years the amount has been very large; but few have taken the pains to look back for a few years to learn the irregularities of the yearly surplus. The following table shows clearly that the surplus has been a very uncertain quantity from year to year, and our calculations concerning future reduction ought not to be predicated on the surplus of the last three years:

1866.... \$38,951,787	1874.... \$2,344,882	1881. . \$100,069,405
1867.... 133,091,035	1875.... 13,370,658	1882.... 145,543,815
1868.... 28,297,798	1876.... 28,994,780	1883.... 132,879,441
1869.... 48,078,469	1877.... 40,071,943	1884.... 104,393,625
1870.... 101,601,316	1878.... 20,799,551	1885.... 63,463,771
1871.... 91,146,757	1879.... 6,879,300	1886.... 93,956,588
1872.... 96,588,904	1880.... 65,883,653	1887.... 103,471,098
1873.... 43,392,959		

In truth, we are already beginning to experience a very sharp decline in our importations. It is certain that as we enter another period of depression, the evidences of which we regret to say are appearing everywhere around us, the revenues will fall off largely from many sources. It must be remembered that during the seasons of prosperity our manufacturers in almost every branch extend their plants, and therefore a slight diminution in the demand for their products is immediately felt by them. In other words, the diminution in orders does not fall to the point previous to the period of prosperity before suffering is experienced, for the reason that their plants are enlarged. It is perfectly true that many of these extensions are unwarranted; but whatever the fact in that regard may be, having extended them in order to fully meet the new and extraordinary demand for products of one kind or another, a slight falling off leads to sharp competition for business all around—so sharp, indeed, that there is no occasion for importations to supply many of our markets.

These considerations have been quite overlooked in dealing with the surplus problem. Nothing is more certain than this, that having erected factories, somebody will run them and to their full capacity, if there be a sufficient demand for their products in this country, or if they can be sold elsewhere. The question is not the same as it would be if these factories did not exist here. They are built, and either their present owners or parties who come into possession of them through bankruptcy or otherwise will certainly keep their chimneys smoking, and thus the demand for foreign goods must speedily decline; and perhaps our revenues may shrink to such a point that no surplus will

exist to apply to bond purchases or to any other purpose. We rejoice, therefore, that Congress has finally removed the obstacles from the path of the Secretary of the Treasury, and rendered his policy clear for disposing of the surplus. The quantity that can be thus applied is always uncertain, and this slight glance at the future should convince every thinking person that the prospective surplus is a quantity too uncertain for the subject of legislation looking to a large permanent reduction of the revenue.

A REVIEW OF FINANCE AND BUSINESS.

THE MOST BACKWARD SEASON IN YEARS.

As the first three months of 1888 were the most severe in temperature, and travel, transportation and trade were the most interrupted by the weather, so has the fourth month been the most backward and cold in years. The spring trade that was not utterly lost at the beginning of April has been pretty generally given up the past month, as May is too near the heated time to enable much of what has been lost to be recovered. Such are the reports brought in by the travelers of our great distributing houses in most lines of trade, and they say that the prospects are very poor for any improvement until fall trade begins. The country and interior city dealers bought pretty freely in December and January, in anticipation of a good spring trade, and as their expectations have not been realized in any considerable sections of the country, these early purchases are still on hand and will scarcely be worked off before hot weather, while many will be carried over. This prevents renewal of orders, and only those who did not buy early are now in the market to any extent, and those only to sort up their stocks.

COLLECTIONS SLOW, BUT TRADE SOUND.

As a result of these conditions, collections are slow, and promise to be still slower before fall, as four months' bills of goods bought at the beginning of the year are now beginning to fall due; and, unless the practice of dating bills ahead, which was so general a few years ago, has been renewed, there is likely to be considerable extension asked for and given for the next three or four months. Yet the condition of the wholesale and jobbing trade of the country is no doubt as sound as it has ever been; for while their business has been poor, they have, as a rule, been very conservative, and as profits have been small, there has been little of forcing goods on to customers in advance of their wants, while the country and interior buyers have been equally conservative in not anticipating

more than their usual trade, as their experience of poor holiday trade last year is too fresh in their minds. Besides, there has been nothing in the position of the various markets to warrant loading up for higher prices; at the same time, nothing to lead manufacturers or their agents to let their goods down to a smaller stock than usual in anticipation of lower ones.

SUPPLY AND DEMAND CONTROLLING PRICES.

Probably there was never a time, outside the speculative markets and staples, when the basis of prices of everything was so purely legitimate as now. The overproduction of the past has been avoided or prevented by the small profits, which have kept out the rush of new enterprises that usually follow a revival in the manufacturing business; yet the supply has been fully equal to the demand, so that no fear of scarcity has led to speculation in the hopes of higher prices. This is generally true of our manufacturing interests throughout the country, excepting, perhaps, the iron industry, which was tempted into more or less of its old folly by the excessive railroad building or paralleling west of Chicago last year, with the usual result of such folly, in the reaction of the past few months. But even with this, there has not been a time since the war when the legitimate business of the whole country was on so safe and sound a basis as now, because controlled by the old and only permanently prosperous law of supply and demand once more, for the first time since it was overturned by the war, and the anticipation of future supply and demand in the shape of speculation in almost every staple of trade took its place.

BUT THE SPECULATIVE FEVER IS NEARLY DEAD.

This is one of the encouraging signs of slowly but steadily returning and permanent prosperity to which we can look with satisfaction, amid the temporary causes above alluded to, to explain the present dullness and general complaint of poor business throughout the country. Time is required to overcome the relapse following a debauch; and so it is with the country, after the speculative craze it has been on for the past dozen years, first on the Bull side, until prices could be forced no higher, and second, since 1882, on the Bear side, until prices can be forced no lower.

"The Country," or "the Public" or "the Lambs," as the outsiders used to be scornfully styled by the speculators when the former were working for the latter, has gotten entirely over its speculative fever, and has been attending to its own business and working for itself since it ceased to be profitable to speculate on the Bull side, which is the only one the American public ever takes, as they are believers in the future of the

country and of its values, and never anticipate lower, but only higher prices. Hence, while the speculators led them in Bull campaigns, they followed, so long as success attended their efforts. But when prices were forced too high, and the speculators simply got up Bull movements in order to unload on the public, the latter pulled out, and have staid out, with a few temporary exceptions, after paying for this experience.

THE WRECKERS NEAR THE END OF THEIR ROPE.

In the meantime the speculators had to live off somebody or each other, and they turned wreckers, and sold the property of the country, when the public refused to buy from themselves; and, after selling what did not belong to them, they put the money screws which they controlled, to the thumbs of the debtor classes all over the country, by selling down the quotable or market value of everything on which money was borrowed, compelling the owners of every conceivable kind of property held as security for borrowed money to sell it to pay the loans. Following this, they scared the investors in everything who did not have money borrowed, and by making the price of their products less than their cost, drove them to part with their property or cease its production. This process went on until the debtor class were pretty well ruined, and the incomes of investors so reduced as to seriously curtail the consuming power of this country. But as there was an end to the action of the speculators in forcing prices too high in 1882-3, so now they have gotten about to the end of their rope as wreckers, and these Bear speculators, who have been living off the producers of the country since, as they lived off the consumers before 1882, will have to turn Bull before long, and lead the public to higher values, or go under as Mr. McGeoch, the last of the Bull speculators, did in 1882.

PRODUCERS WILL SUPPORT THE SPECULATORS NO LONGER.

As it is, they have lived off the producer as long as he will contribute to their support, and hence, as noted above, production is now kept down to consumption, and supply will not go in advance of demand, nor anticipate it, thus putting the producer at the mercy of the money lender and the wreckers, who have "worked" the producer together as they did the consumer. This is why prices have been forced, after twenty-five years of Bull and Bear speculation, back to the old and only legitimate and safe law of supply and demand. But as the advance in values was overdone in 1882, so the decline has been overdone in 1887-88, until the cost of production has been, in many things, not returned to the producer, to say nothing of a fair and living profit.

DEMAND HAS OVERTAKEN SUPPLY AGAIN.

This state of things cannot last, and hence higher prices are forcing themselves, in spite of the Bears, upon the consumers, because the demand has overtaken the supply again, and the producer can have a voice in making the prices for his actual stuff, which has now been reduced to such small compass in amount and value, that he is getting better able to hold his surplus by the aid of country banks and capitalists, until it is wanted by the consumer for immediate use, to whom it is sold, instead of letting the speculator have it at his own price, to "carry" until the consumer shall want it, and allows him to live off one of them, while robbing the other.

WHY SPECULATION IS DYING OUT.

From the foregoing it is easy to see why speculation in everything is dying out in this country, although it may, and no doubt will be temporarily revived again whenever we shall have genuine Bull markets that are not controlled and rigged by the professionals, as is now the case in stocks and everything else. The public has learned wisdom at last, and the present generation of business men will hardly forget it, and work as they did from 1878 to 1882-3, for the speculators again. The latter may get up artificial Bull markets, such as they have had in stocks the past month, but the public on this side the water will not come in, except to re-invest their interest in bonds occasionally, whatever Europe may continue to do.

Professional speculators, as well as professional railroad managers, and professional bankers and commission houses in stocks and produce, will have to go into some legitimate business, or buy the actual property and hold it for a profit, like any investor. The public is not buying dear and selling cheap any longer, and the stock and commercial exchange members here and in other cities had better take notice and go West.

THE STOCK MARKET.

The market for stocks the past month has been unexpectedly bullish, started by a big short interest, and renewed European buying based on Continental peace prospects, the refunding of the English debt at lower interest, which has driven money from London here into railroad bonds paying better interest, and then into dividend stocks, and has finally enabled the pools in the leading speculative stocks to lift them; and the whole list has followed on the bond-purchase action of Congress and the Treasury, together with an improving condition of the banks and an easy money market, which have ignored the prospects of gold exports on a higher sterling exchange market, in the absence of commercial

bills with continued light exports. Yet the movement has been between the professionals and the English public. Here only bonds have been bought by the public or investors to any extent, though the earnings of the railroads are better than expected, since the snow blockades disappeared, as delayed freight has since moved freely.

The advance has been sharp, sudden and decisive, with very few and small reactions, which facts indicate the character of the present buying and market, and the higher they go the more active. These, taken in connection with the fact that the public is not buying to any extent, signals the approaching culmination of the Bull movement. The pools which were compelled to support their own stocks in February and March have worked together to get up quotations and unload, and they have succeeded in doing so, in part, on the crowd of small professional speculators who operate in stocks, oil, produce, or cotton, as the activity in these different markets invites. The market already begins to act topsey, and a reaction is about due on a professionals' boom, as this is. Yet there was some basis for the advance in the seeking of new channels of investment at higher rates of interest, as a consequence of the refunding of the British debt, and the passage of the bond purchase bill by Congress, which has insured an easy money market, and restored the bank reserves to a point that even the advance in sterling exchange to pay for the heavy imports in January, on continued light exports, has no terrors to the Bulls, and is scarcely an element in the situation.

PROSPECTIVE RAILROAD EARNINGS.

The real character of the speculation in railroad stocks, which has advanced them so sharply the past month, after the three months of snow blockades, decreased earnings and increased expenses, in the face of prospective lighter earnings than last year for the balance of this, and, perhaps, next, in consequence of poorer crop prospects, is therefore apparent. With little corn or wheat moving, or to move, until another crop, and lighter receipts of live stock probable for the balance of this year, and prospects of a smaller crop of winter wheat, and live stock, for another year, it is hard to see a basis for better railroad earnings, to say nothing about making up the losses of the winter, by the strikes and the short crops of 1887. Besides, with the opening of navigation by the lakes in May, and the smaller amount of grain to come forward than a year ago, the freight rates by the water routes are already much lower than a year ago, and are likely to be kept down by the large disengaged fleet of iron ore vessels from the Lake Superior trade, which are now bidding for the

reduced amount of freight offering between the other lake ports, and are competing for the grain trade.

With lower rates and less to do than a year ago, where the trunk lines and grain roads are to get the business from to warrant the late advance on their stocks, no one without a Wall Street second sight can discover. As to the coal roads and trade, it is sufficient to refer to the unemployed fleet of iron ore vessels engaged in the Lake Superior trade a year ago at high rates for the entire season, in order to supply the iron furnaces of Pennsylvania, which are now shutting down, running half time, or already idle. If the coal trade can flourish, as it certainly must have done last year, to enable the Reading road to do what it did, when the iron trade is depressed, it will be the first time in its history. And yet, these three systems of railroads—the Trunk lines, the grangers, with all their new parallel lines, and the coal roads—have led the late boom in the stock markets. If, then, in addition to all these present causes operating against railroads, we are to have short crops another year, the prospects of railroad earnings cannot be very brilliant.

THE PRODUCE MARKETS.

The past month has witnessed another of the Bear raids of Chicago on the grain markets, and also a Bear panic in provisions, in which these same shorts were caught and as badly "squeezed," as they have "shaken out" the Bulls in wheat. But their breaking of the grain markets on the countrymen proved a regular boomerang, for when Fowler Brothers had brought them to book on pork, and made them cover their shorts at a heavy loss, the commission houses called heavy margins on these same big Bears who had been selling wheat down to the lowest point on this short crop, because of our light exports and corn in proportion. At this juncture, the country began to buy again on the poor condition of the winter wheat, which came out of the hard winter badly killed, which, together with the damage done after seeding last fall by the severe drought, gave prospects for another smaller crop than the last. Of course, these Sullivans of the grain and produce markets threw themselves on the market to stop the advance, and were simply carried off their feet by the strength of the movement, as they were last fall; and, as then, they fought it till it had nearly culminated, when they became scared by their losses and weakness, and covered, and then went long at the top.

THE POSITION OF THE GRAIN MARKETS.

It is in this position, the grain markets are now, with Europe, fighting the advance, and selling on the bulges, while Chicago has turned from the Bear to the Bull side. But the markets for

both corn and wheat now act as if the country had realized on the boom at the expense of the Chicago Bears, with whom they left their load last fall at the top, and from whom they took their profits, and went home and kept them, as a rule. Yet, the real strength of these markets is not in next crop prospects, bad as they may be, but in the surplus of last crops left to supply demand for actual consumption until new crops are available. On this basis the late advance was warranted, although it was caused in wheat by the speculative demand in anticipation of another and shorter crop than the last. Corn has kept up, because the high prices that have ruled for three months have failed to bring out enough from farmers' hands to supply our home trade, to say nothing of exports, which have been out of the question at the extreme prices. Yet the Bears sold corn down because it was high, and bought it back because they could not force anybody to sell on the break.

THE SITUATION OF PROVISIONS.

Since the culmination of the squeeze in pork, the position of the big operators has been changed somewhat. The late Bulls unloaded on the Bears, and then turned about and joined them in a new campaign to break prices down where they can buy with safety for another Bull movement, and at the same time secure a new short interest to squeeze. Hence since middle April they have both been hammering these markets constantly, and have not only kept them from going up with grain, as they naturally would with corn, on which the hog crop depends, but have forced pork down about \$1 per barrel, and ribs in proportion. But in the meantime an English syndicate which had quietly secured control of the lard market, turned about and put that up on these same big Bears who were caught in pork, and forced them to cover at nearly 1c. per lb. loss, as they had their pork at about \$2 per bbl. loss, although the last advance had only been about half the above amount in either case. In the meantime Fowler Brothers and this same English syndicate have been buying all the ribs offered for a month, based on the good demand for our meats on the other side, and the next thing looked for is a squeezing of the shorts in ribs, which will complete the rounds of the speculative list of hog products on which the Bears have been punished for their attempt to "shake out" the holders of the actual property, who believed in values upon the present basis on the merits of supply and demand on this crop.

GRAIN CROP PROSPECTS.

We have now reached the season of the year known in the grain trade as "weather markets," when speculation is controlled

in great part by the next crop prospects, as shown above to be the case now in wheat. As to the extent of the damage done to winter wheat it is impossible yet to safely judge. It is certain that it is greater than at first supposed after the snow disappeared, for it always requires a spell of warm weather and sunshine to develop the plants that have not been killed, sufficiently to show what proportion have been destroyed. Usually rains and sunshine improve the looks of the wheat fields, and this was expected, as usual, this year. But when it was reported from the whole winter wheat belt, from the Alleghanies to the Missouri River, that the fields did not improve, and that farmers were plowing up large areas and sowing them with oats, and preparing them for corn, it became evident that the danger was both serious and general in the States covered above, namely, Ohio, Indiana, Michigan and Illinois, while even Missouri is spotted, and only Kansas and the Southern and Middle States are up to an average condition. Of course the spring States may make up in part for this loss, but scarcely fully, as the seeding is late, and the price is too low to stimulate more than the sowing of an average crop. In Europe there has been no complaint, except of damage done by the floods in Germany and Austria, and no account has been taken of this.

The area being sown with oats is supposed to be as large as last year, while the supply in the country from the last big crop is quite large, and in a measure offsets the light hay and corn crops of last year. But it is too early yet to estimate even the acreage to be put in corn, as the season is late, and planting will be slow. But the prospects are that the acreage will be materially increased at the expense of wheat, as the price of corn will stimulate its planting, while that of wheat will discourage raising that crop.

LIVE STOCK MARKETS.

But the prospects of the next crop of live stock are in doubt. The high price of corn and its scarcity in many sections has led the farmers to fatten rather than grow their stock of all kinds, and get it to market as soon as fit, in order to save corn, which was selling relatively higher, or save buying it where they did not have enough. The effect has been, and is still being seen in the small but fat hogs coming to market in greater numbers than expected, when the number in the country is less than a year ago, and when the supply of hogs from March to November had been estimated at 1,000,000 less, as was the supply from November to March that much short. Some have jumped to the conclusion, therefore, that the former estimate was wrong, judging from present free receipts. But the later receipts are as likely to fall as much below the estimates as they are now above them.

In the meantime the drought of last year in Europe cut its feed crops short too, and hence their hog crops are lighter this year, and promise to be still lighter next, if not here, and the result is already seen in a larger spot demand for our provisions on the other side, and a better prospective one.

OTHER MARKETS.

The usual speculative period in the coffee market has occurred during the month, under the usual foreign manipulation, which attracts less and less attention here, as everybody who has touched it has been burnt, and dreads the fire. So of the petroleum market, which was rigged by the Standard people, and the public were invited to buy some cheap oil at 90c., and when the professional speculators of Wall Street had gotten in, the Standard went out, and instead of advancing to \$1, crude went below 90, as usual on such points. But the public don't touch oil any more, for the same reason that they let coffee alone. Cotton has dragged along and sagged off, as such markets always do in a dry rot, after the collapse of a deal, such as that in this market noted in our last, in the failure of the New York clique to squeeze Liverpool, as the Government crop estimates were exceeded by the receipts, and the New York Moses of the Bull movement got out of the deal with \$1,000,000 loss or over. Ocean freights have continued at the ballast basis noted in our last, and even as high as 1¼c. per bushel has been paid by Boston regular line boats to get the privilege of carrying grain for nothing. As a result, a fleet of 100 steamers were lately compelled to charter on the other side for Russian grain, in absence of paying rates from here.

FINANCIAL FACTS AND OPINIONS.

Fractional Currency.—The fact will be doubtless surprising to many, that the cost of maintaining an average circulation of \$26,000,000 of fractional currency for fourteen years for paper and printing, and the amount destroyed and lost, was \$26,000,000, not including the expense for sending the currency to the places of redemption. This is the Government calculation on the subject, and if correct, it proves that our fractional currency was the most expensive of any ever used in our country. The cost of coining gold and silver, and the loss by abrasion and in other ways, is very slight compared with the above figures. These calculations ought to put an effectual quietus on the bill for renewed issues of fractional currency. Rich as our Government is, it ought not to engage in a luxury of this kind. Of course, this loss has been largely borne by the people through the deterioration and destruction of the fractional currency; but this is a real loss, and should not be borne by any one. It can best be obviated by using other currency than paper. It has been proposed to reissue \$50,000,000 of fractional currency, as this is supposed to be the amount necessary to meet the requirements of remote regions. These figures are very large, and if the above statement be correct, the expense to the Government directly, and the expense to the people from loss, should be a conclusive argument against attempting the measure.

New Designs for Coins.—Senator Morrill has introduced a bill into the Senate to provide for new designs on the national coins—a measure well worthy of the attention of Congress. In the last report of Mr. Kimball, the Director of the Mint, were the following well-considered remarks on the subject: "The designs impressed upon the coins of any nation, ancient or modern, are accepted as an expression of the art of their time. But few citizens, who, with an artistic sense, have carefully scrutinized the current coins of this Republic, would consent to accept as a standard of excellence for their own day and generation almost any of the present compositions of statutory devices. The inferiority of our coinage to the same kind of work by almost every other advanced nation of the earth, as well as to the well-known work of numerous able designers in relief at home, seems to be perceived by all who have given attention to the subject, and to be keenly felt by many as unworthy of the development which the arts of sculpture and design have here attained. The series of United States coins, past and present,

taken as a whole, is not without meritorious designs, even within the narrow limits of traditional and later statutory devices. But whatever art value be attributed to any of the series seems to be in impressions from certain long-superseded dies." Evidently the Director of the Mint has considered the matter with great care, and recommendations should not be lightly heeded. The bill introduced, and which was prepared by the Director of the Mint, grants authority to the Director, with the approval of the Secretary of the Treasury, to make new designs or models of authorized emblems or devices; but changes are not to be made within twenty-five years from the time of adopting a design. This measure would seem to confer all the authority needful to improve the designs of our coins on the one hand, and to prevent frequent changes on the other. It is hoped that Congress will take favorable action on this bill.

Bank Taxation.—The auditor of Abbeville county, South Carolina, has assessed the Abbeville National Bank, not only for the face value of its shares, but for their actual value. Besides this assessment, he has also assessed the surplus of the bank which is invested in United States bonds, and in this action he is sustained by Attorney-General Earle, who holds that all shares of the shareholders in any bank or banking association should be listed against them individually at their true value in money, and that this valuation should include all surplus or extra moneys, capital, and every species of personal property of value owned or in the possession of any such bank. "It matters not that such surplus or capital may have been invested in United States bonds or other non-taxable securities." The Attorney-General holds, further, that under section 5,219 of the United States Revised Statutes, when construed with the other provisions of the United States banking laws, the State has the authority to impose a tax on the actual value in money of the shares of the shareholders, without reference to the character of the securities in which the capital or surplus of any bank may be invested. This decision is regarded as a serious blow to the banks. It is expected that it will drive away or keep out capital, or that investors will seek some new form for the investment of their money. George W. Williams, president of the Carolina Savings Bank, says that the Attorney-General's decision involves the solvency of every bank in South Carolina. It has been the custom of his bank, after paying interest to depositors and expenses, to allow the surplus from year to year to accumulate. If that surplus is to be taxed it will be drawn by the stockholders and invested in the State of South Carolina bonds, which are exempt from taxation. A bank that has a sur-

plus of \$100,000 would, under the ruling of Attorney-General Earle, pay to the State and city on that sum \$3,500.

President Siegling, of the Bank of Charleston, thinks that the decision will have two disastrous effects: capital will not seek the banks, and the rate of money will be higher. President Simonds, of the First National Bank, says: "Moneyed capital is sensitive and easily forced to change its location. Excessive taxation will drive it from the State, or put it in forms to escape taxation. But I see nothing in the opinion to cause uneasiness. If shareholders pay taxes, direct dividends will be increased."

There are nine banks in Charleston, with a total capital of \$1,215,000 and surplus, and undivided profits of \$1,000,103. The State and county tax to be enforced on the banks under the Attorney-General's opinion would be \$9,927, and the city tax following the State tax will amount to \$27,575, making altogether an additional tax of \$37,502 for a single year.

The unwisdom and injustice of this decision are clearly manifest. The actual or market value of the shares is determined partly by the amount of surplus belonging to the bank. If this should be swept away or lost or be impaired, every one knows that the market value of its shares would immediately fall. In assessing bank shares on their market value the total value of its surplus is included in the assessment, and, therefore, to tax the surplus beside is to tax the bank to that extent twice, which ought not to be done. This is one objection to the tax, and ought to be sufficient, without reference to the fact that the surplus is invested in United States bonds, which cannot be taxed by any authority.

The Credit System.—Not long ago Mr. J. A. Price delivered an address before the National Board of Trade on the abolition of the credit system, which has attracted considerable attention. He is alarmed over the enormous increase of indebtedness in the world, and has produced some very startling figures. Here they are:

National debt, December 1, 1887.....	\$1,675,816,660
State.....	226,597,594
County and municipal.....	821,486,447
Railway.....	4,163,640,144
Banking.....	4,581,706,203
Private banking.....	1,500,000,000
Record.....	6,000,000,000
Mercantile.....	3,000,000,000
Individual otherwise than above.....	6,000,000,000

Aggregate..... \$27,969,247,048

This indebtedness should be divided into two classes, public and private. The latter class of indebtedness is of a very different character from the former; the incurring of it rests on different grounds, and is justified by different considerations. It may be

said, however, that "public indebtedness represents value received in many cases. In other words, it has been incurred for public improvements which possess a real utility or economy, and, therefore, are amply justified; but the latter class of indebtedness is largely represented by actual property. A single illustration will suffice to render the thought clear that we wish to express. Suppose ten men unite for the purpose of building a railroad, who have no capital of their own. Ten millions are needed for the enterprise, which sum is borrowed of, say, three men who are willing to lend that amount. This loan is represented by ten millions of bonds which are issued and delivered to the lenders. Mr. Price would class these bonds as indebtedness. Now, suppose these three men possessing the ten millions should conclude to build the railroad themselves instead of lending their money to the other class, and should invest their ten millions in the enterprise. In that event there would be no bonds to represent their indebtedness, but they would hold stock or certificates or deeds of their property. In both cases the property would be the same, and so would the expenditure. Now, supposing the railroad was really a good thing, that it was needed, that it was profitable, of what earthly concern is it to the consumers or the public generally whether it is built by the one class who borrow the money to pay for it, or whether it is built by the other class who build it directly themselves? The capital is expended or put into another form; and, assuming the expenditure of money to have been wise, although taking the form of indebtedness, we cannot perceive that it is of any consequence to the public whether this be indebtedness of A. to B., or whether it be B.'s direct investment. If this illustration be a correct diagnosis of indebtedness in any case, it covers just as truly the larger portion of private indebtedness, and, as said above, so long as this indebtedness is for the creation of a valuable property, it cannot be truly considered an indebtedness, inasmuch as the capital borrowed is still in existence, and has been the means of a new creation. To this deduction, however, an exception may be made of fictitious or watered capital, as that represents nothing. Of course, it is worth nothing, and if the consumer or the general public is obliged to pay interest on this nothing it suffers.

Nevertheless, the evil of which Mr. Price speaks is great, and it would be well if his array of figures, which we have incorporated into this article, should lead to a check on borrowing so freely. The tendency, certainly, among the nations of the world and among municipalities has been to borrow more and more, though in this country, perhaps, it may be said that the cities and towns of late years have called a halt in this matter. There

was a period, after the close of the war, in which the cities rushed very recklessly into the piling up of indebtedness; but on the whole of late years there has been a very healthy decrease in indebtedness of this character. Doubtless many of the improvements made in our cities were absolutely needed, and millions more must be expended for making life comfortable and healthful. What is needed, perhaps, as much as anything, is a very careful oversight in expenditures by municipalities in the way of getting a larger return for the money expended. The greatest sin has consisted in throwing it away, in getting an inadequate return. If the economies be really effected for which expenditures are made, if life is rendered more comfortable and enduring, and facilities for doing business are improved, then such expenditures are amply justified. The annual interest of \$800,000,000 paid by the world is a pretty heavy charge, and in general it may be said that very large deductions ought to be made in the way of expenditures; otherwise, when the people get tired of paying this charge repudiation will inevitably follow. We fear this is to be the final wind-up of many of the great public debts of the world.

Railway Building.—The Chicago *Railway Age* says that during the first three months of 1888 "more miles of track were laid, on a greater number of lines and in a greater number of States and Territories, than, according to our record, were laid during the same period in 1887. The assertion will probably be received with surprise, if not incredulity. It is, however, true, as the following figures, compiled from the detailed records in this office, show: Track laid from January 1 to April 1, 1888, in twenty-eight States, fifty-four lines, of 1,096 miles; same period in 1887, in twenty-five States, forty-nine lines, of 1,040 miles." The *Age* adds that nearly seven hundred roads have been projected, or are in progress, located in forty-four States and Territories. Of these, seventy-four are in Kentucky, and thirty-seven in Tennessee, and a large number are in Alabama, Georgia, Texas, and Kansas. This statement would seem to indicate that the new enterprises are more largely of an independent character than those of last year. If this be true, two things may be said concerning them. First, a small probability that they will pay for construction immediately, and that more bankruptcies will follow than is likely to be the case with much of the construction last year, which was undertaken by existing and strong companies. On the other hand, these new enterprises will develop more new country, fewer of them will be in the nature of parallel lines, and therefore in the end will prove of greater benefit to the country than many of the railroads projected and built within a recent period.

Bank Taxation.—A bill is pending in the New York Legislature, to tax insurance premiums. In other words, the proposed law is a re-enactment of that of 1880, which was repealed last year. It also provides for taxing real estate mortgages, and from the operation of which savings banks would suffer. The law of 1880 was never enforced, and ought not to have been enacted. The savings banks, particularly, should be dealt with lightly in the matter of taxation. All taxes of this kind are a burden on thrift, and this burden is particularly felt. In a recent article on the bases of taxation by General Francis A. Walker, one of the most competent authorities in this country, he says that "the fatal fault in a property tax, that which must cause it to be condemned both theoretically and economically, is that it constitutes a penalty upon saving. Economically considered, there cannot be a moment's question that the policy of laying the burden of the State upon that portion of the product of industry which has escaped the maw of appetite, which is presumably reserved for useful employment, which is in a sense consecrated by worthy social ambitions, and which represents the courage, prudence and faith requisite to subordinate the present to the future, is surely vicious." As all know, the deposits of savings banks are largely by the working classes, who should be encouraged to save, and not to spend their earnings. Every additional tax which diminishes the dividends deadens the desire to save, as the income or fruit of saving is thereby lessened. Furthermore, the taxes imposed on savings banks are among those the most surely collected, and this consideration should have no small weight in adjusting the burdens of taxation. Increase taxes to a point at which depositing would cease, and no taxes would be collected. Savings, then, would assume forms which could not be reached by the tax-power of the State. From every point of view the State should move slowly in taxing the savings of this class, and we are certain that the bill now pending before the Albany Legislature is in the wrong direction.

Savings Banks in the South.—The rapidly growing popularity of savings banks in the South is the best proof which could be given of the solid foundation upon which its prosperity is based. A few years ago there were not half-a-dozen of those institutions south of the Ohio River. Now there are several in every one of the large cities. They are all doing a good business, and it is daily growing in volume. Contempt for nickels and dimes is a Southern failing of the past. It will be some time yet before the penny can become popular, but that is coming, too. The demand, it is proper to say, first came from the working people,

who have of late been drifting by thousands into the South. One of the first things the mechanic from the North or East asks for after he has found a home is the name of some solid savings bank in which he may deposit the nest egg he has already accumulated and whatever else he may be able to add to it out of his earnings. It is an established fact that the greatest enterprises of the world are carried forward, not so much with the big lumps of rich men's gold, measured in a bushel measure, but with the pennies, the nickels, and the dimes which pour in in a hundred thousand small streams from the earnings of the workingmen. Together they make a sum greater than the aggregated wealth of all the trusts. It is by encouraging the working classes to save in the first place, and then to put their savings into circulation, that the great centers of America and Europe find the means to build great railways or canals and to take up national debts.—*Memphis (Tenn.) Avalanche.*

Interest.—An act has been introduced into the Canadian Parliament for repealing the present law on that subject, which provides for paying any rate or discount to which the contracting parties agree. The bill introduced proposes to limit the maximum to eight per cent., and declares that any agreement in violation thereof shall be void. It is too late to re-enact laws of this nature, and the Canadian papers are quite unanimous in condemning it. Progress has been very slow in repealing usury laws, because they are supposed to be in the interest of the less powerful classes; but their repeal has wrought no injury; and this is now so well understood that there is no likelihood of ever returning to them. Nor is there any expectation, judging from the tone of the Canadian press, that Canada will return to the mediæval policy of fixing by law the rate of interest.

Silver in China.—It is reported that China proposes to coin a large quantity of silver, and this news is welcomed by all interested in maintaining the value of silver, and especially by India, where it is believed that the action of China will tend to raise the price of bar silver and enhance the value of the rupee. If the Celestial Empire should begin the construction of railways, as seems quite probable, doubtless a large amount of silver would be absorbed for necessary additions to her currency.

Mexican Finances and Mexican Necessities.—"The statements of our banks," says the *Mexican Financier*, "show a sound condition of things with them, although, from a banking standpoint, it is regrettable that capital is not more freely employed. The glut of money continues, and, were the spirit of enterprise as active here

as in England or the United States, there would be no need of going abroad for funds to carry forward work of such vital necessity and well-ascertained cost as the drainage of the Valley. The City of Mexico, with the aid of the Federal Government, could easily meet the interest on a loan sufficient to insure the rapid completion of the work. There is no more solvent city on the continent than this, none more economically administered, and its affairs are managed entirely by its property owners,—all these being conditions which should give confidence to investors. In case a popular drainage loan could be floated here at 80, bearing 6 per cent. interest, investors would realize more than 7 per cent. on their money, which is nearly twice as much as investors are contented with in the eastern part of the United States, where 3 per cent. net is considered fair gain."

Taxation of American Securities Abroad.—Mr. Goschen, Chancellor of the English Exchequer, has proposed a new tax on foreign stock held in London. This has created some dissatisfaction among the arbitrageurs, as it is believed that the tax will lessen the profits of their business. The London *Statist* says: "It is argued with much force that if you impose a duty upon a foreign stock it will not be profitable for the arbitrageur to buy abroad in order to sell at home, unless the price is higher at home than abroad at least by the amount of duty; but if the price at home is higher than that abroad, it will clearly not be profitable to buy at home for the sake of selling abroad. In either case, therefore, you injure one branch of the business. The argument is unanswerable if the duty were heavy, but a duty of one-twentieth of one per cent., even if it be collected annually, is hardly large enough materially to affect the price. Take, for example, New York Central Shares. They are of the nominal value of £20. Upon a single share, therefore, the amount of the duty would be about 2½d., and at the quotation of 109 the difference would amount to only about four or five cents. It seems, therefore, hardly possible that the new duty can have any material influence upon arbitrage business. The really objectionable feature in the proposal is that exactly the same duty is imposed upon a cheap share as upon a dear share. A share, for example, which is quoted at 12 has to pay the duty on its nominal value. If it be, therefore, a \$100 share, it pays as much duty as a New York Central share, say, which is quoted at 109. The buyer of the one is practically taxed nine times more heavily than the buyer of the other."

England's Cash Reserve.—Mr. Gairdner, the general manager of the Union Bank of Scotland, in a recent paper read to the Eco-

conomic Section of the Glasgow Philosophic Society, treats of the constitution and course of the English money market. In one portion he deals with England's cash reserve. Basing his calculations on the tables given in the half-yearly supplement of the London *Economist*, he shows that against liabilities practically at call and repayable in coin, amounting to £621,000,000, there are held, coin and bullion, £35,000,000; and documents representing commodities and securities, £586,000,000, making a total of £621,000,000. But of the £35,000,000 of coin and bullion, there was locked up in the note department of the Bank of England, at the date of the returns, £8,000,000, because of the excess of active circulation beyond the authorized circulation of the bank. Deducting this £8,000,000 from both sides, the figures stand, liabilities, £613,000,000; coin and bullion, £27,000,000; equal to about $4\frac{1}{2}$ per cent. of the liabilities. This sum of £27,000,000 includes the reserves held by all the banks in the United Kingdom that are available to meet demands for inland coin circulation, foreign exchanges and private hoarding, and also the provision against any increase in the active note circulation of the Bank of England. That it could in a few months or weeks be increased to any required extent is beyond doubt. But this operation requires time, and the practical question for consideration is, whether or not the sum of £27,000,000, which may be taken as a fair average of the national reserve in ordinary times, is an adequate provision to meet all demands in the circumstances explained. It would be difficult to show in a more striking way how slender is the cash reserve upon which our whole banking system rests. And the misfortune is, that even this attenuated reserve is not efficiently guarded. The Bank of England is understood to look after it, but that institution does not acknowledge any binding responsibility in the matter. When, moreover, it does seek to act, either with a view to preventing gold being taken away in larger quantities than is desirable, or to attract gold hither, when the stock of the metal is too small, its efforts are thwarted by the joint-stock banks, who, while they depend upon the Bank of England, consider it no business of theirs to help it in keeping an adequate stock of gold. This is an old subject among English finance writers, and Mr. Gairdner's remedy is the one often propounded before, to issue one-pound notes, which would release the gold coin circulating among the people to the extent of the notes issued, and swell the reserve. The objection always made to the remedy is that if gold were drawn from this source there would be no real advantage, for the general stock would be depleted to the same extent. What we think this renewed discussion of the subject shows is a stronger belief that the entire amount of gold in Great Britain in

general circulation and in the banks is too small to sustain the large amount of business transacted, and further evidence of this deduction, as we have elsewhere shown in the present number, is the extraordinary sensitiveness among financial and business classes whenever the exportation of gold takes place. It seems to us that by merely changing the location of gold, or the ownership of it; or, in other words, by drawing it from the circumference to the center, the amount is not increased by the operation, though perhaps it can be a little more quickly utilized in the one case than in the other. The real question in our judgment is, how to increase the specie basis; and if gold cannot be drawn from other nations, then the remedy must consist in utilizing silver.

Co-operative Enterprises.—A recent paper on co-operation, by Mr. Benjamin Jones, read before the British Royal Statistical Society, gives some very interesting statistics on this subject. He first gives a summary of the present position of co-operation, in which he stated that in 1886 there were 1,331 retail distributive societies, two wholesale distributive societies, and sixty-six productive societies. He then submitted some statistics showing that forty of these retail societies were each doing a trade of over £100,000 a year, fifty societies were each doing a trade of over £50,000 a year, but under £100,000, seventy societies were each doing a trade of over £30,000 a year, but under £50,000, and 269 societies were each doing a trade of over £10,000 yearly, but under £30,000. The remainder were each doing a trade of less than £10,000 yearly. Of the societies, 360 possessed 1,464 branch stores. The statistics of the two co-operative wholesale societies showed that from the starting of the first in 1864 they had gradually extended, until, in 1886, their total business for the year amounted to £9,368,000. As to co-operative production, the author gave statistics of the business in 1886 of sixty productive societies, showing a turn-over for the year of £1,551,000. In addition to this, the workshops under the direct control of the distributive societies produced, in 1886, £1,829,000, thus making a total production by co-operators in 1886 of £3,380,000. Since 1871, £625,000 had been expended in supplying members with their own dwellings. But this did not represent the total amount thus expended, as ordinary building societies were largely used by co-operators. A society was being formed to supply metropolitan working men with their own dwellings, to be held in combination, and all profits, after paying 4 per cent. to capital, to be divided among the tenants. In 1886, the number of members in these co-operative societies was 833,127; their trade for the year was thirty-two millions sterling, and their profits over three millions sterling. It is worthy of remark that, while co-

operation in Great Britain has been highly successful, especially in distributing products, so little progress should have been made in the United States. Most all co-operative enterprises here have been short-lived. This has been due either to inefficiency in management, politics, or rascality. In Great Britain the record is truly splendid. The cases of dishonesty have been exceedingly rare. Indeed, we do not remember of one, while in this country we can readily think of scores of cases of this kind. It is a singular question, why workingmen of the two countries should diverge so greatly in their methods and results in attempting to conduct these enterprises. Perhaps, the recent experiments in this country will prove to be more fortunate than the earlier ones. This much, at least, is hoped for them. But the idea at the bottom of co-operation is not altogether sound and to be commended. Co-operation in distribution may be more easily defended than co-operation in production, for the reason that less capital is required to conduct distributive enterprises. In Great Britain only a small amount of capital was needful to start distributive concerns which have grown in many cases to great magnitude and efficiency. Indeed, they have become a very important feature in the distribution of products in that country. But production requires capital, and in these days a larger and larger amount is required in order to produce with the greatest efficiency. Co-operation, however, means quite largely a divorce from the capital which has been accumulated in the past, and which is waiting to be used in further production. Co-operation needs this, and any scheme of production which proposes to dispense with it must prove faulty, remain weak, and in the end fail. Perhaps, as the co-operators develop skill in management, they will acquire the confidence needful to command the capital which ought to be put into their various kinds of production, and should they ever succeed in doing so, then the most obvious weakness in the productive scheme will be remedied. Happy, indeed, would be the time if co-operators, beside furnishing the labor, could also succeed in furnishing the higher skill and intelligence needful for conducting their enterprises with the greatest success. If this point be gained, and they succeed in drawing into their enterprises the capital required for their fullest development, a long step forward will be taken in lessening the antagonism between capital and labor.

Railway Management.—The English newspapers, in many cases, are severe in their criticisms of the management of railway corporations in this country. The impression is quite general among them that the managers have a sharp eye for their own interests. It is thought that advantage is taken of their positions to make

fortunes for themselves, and sometimes at no small loss to their companies. For example, it is affirmed that the late Quincy strike has proved quite profitable to persons inside the company, concerned with its management, if not to the stockholders. It is not always easy to draw the line between proper and improper conduct on the part of officials connected with these companies, who take advantage of their position to deal in their securities. It is unquestionably true that they have no right to use their position for enhancing their individual interests at the loss or injury of the companies they represent; but we suppose that occasions are constantly occurring in which a certain policy has been determined, and which is wise for a company, and yet the knowledge of which may be used incidentally to improve the individual fortunes of those possessing it. Thus, in locating railroads, those having the first knowledge have been able to purchase adjacent property, which has suddenly risen in value, and from which fortunate transactions millions have been made. As we have said, some of these transactions are wholly justified, and the outside public, if having such knowledge, would have done precisely what those possessing it did. The public, of course, is always complaining because of the superior advantages thus possessed by those inside for making money; but we are not aware that there is anything criminal or immoral in the conduct of those who do these things. But when managers use their positions for making money at the expense of their companies, then their conduct cannot be too severely condemned. We know of a great railroad whose western terminus was deflected from its first proposed and proper location because a leading spirit in the concern had bought a large quantity of land in another place, and knew that if the terminus could be changed he would make an enormous fortune thereby. He possessed sufficient power to accomplish his end, and so the terminus was put in the wrong place for the railroad company, but in the right place for himself. Many charges of this kind can be brought against the managers of railroad corporations in this country, and the knowledge of them, and the belief that there are many more unknown, has a serious effect on the value of American railroad property abroad. We are inclined to believe, however, that of late years there has been some improvement in this regard; that there has been less stock watering, and a less abuse generally of trusts for private advantage. Our laws are singularly lax against such delinquent officers; for, notwithstanding the frequency of these cases, hardly any offenders have been brought to judgment. Nothing would more improve the standing of American securities, and increase the regard for corporate management in general,

and create a healthier tone among such officials, than to deal with some of the more noteworthy cases. If the statute of limitations would prove a bar to recovery in the older cases, there are quite enough within the period not covered by the statute to keep the courts busy for a season in many of the States of our Union.

GOLD PRODUCTION.

A recent number of the London *Economist* contains an interesting article concerning the probable gold production of the world. Three fields are described, the Indian, the Queensland and the South African. The writer begins by saying that Mr. Brough Smyth's prophecies concerning the gold-bearing reefs of Southern India have not been altogether true. Nevertheless, the quantity of gold taken from that region is considerable, and is increasing. Mr. Smyth was regarded as a very competent geologist, and on the strength of his opinions large investments were made in gold mining in India, but thus far only one or two companies have paid dividends. The Mysore company, which started in 1880, began paying dividends a couple of years ago, and has divided a total of £45,000 on a capital of £150,000. The dividends represent rather less than a third of the amount realized for the gold raised from the property. The product of this, and of other mines in that section, is also proving more productive. The writer concludes: "Up to the present time, the Indian mines have yielded about 45,000 ounces of gold, or, say, roughly, £150,000 worth. This is not much for an outlay of four and a half millions, a great part of which, however, has been sunk in properties which have since been absolutely abandoned. For the three months ended with February last, however, the yield of the three mines which make regular returns amounted to 6,568 ounces of gold, or at the rate of over 26,000 ounces per annum, and as some of the other properties appear to be on the eve of giving results, it is not improbable that the gold production of Southern India in the current year will exceed 30,000 ounces."

The Queensland gold field has also attracted a very considerable amount of capital, and twenty-five companies or more are in operation. Seven of these are making regular returns. The yield of the Queensland mine has varied from less than half an ounce of gold to the ton to over three ounces, and the average is somewhat less than an ounce and a half. The writer says that the five principal mines have returned about 75,000 ounces of gold. At present

five of the companies have paid dividends ranging from 10 to 33 per cent. With respect to the South African gold fields the writer is inclined to the opinion that there is a large amount of gold in that country, but that the mines, in too many instances, have been managed either by incompetent or dishonest persons, or by persons who were both incompetent and dishonest. Yet, as a matter of fact, many of the mines worked "locally have been exceedingly profitable," even with the primitive methods employed in working them; and it is from his knowledge of this fact that he concludes that the many failures among them have been occasioned by dishonest and inefficient management. The total exports of gold from Cape Colony and Natal in the months of January and February of the present year were reported as 127,827 pounds, or at the rate of nearly 770,000 pounds per annum. From what has been said he concludes that "it will be seen that the yield of gold from the three centers which have lately attracted British capital promises to be largely increased within the current year. In India, the prospect is that the production this year will exceed 30,000 ounces; in Queensland, the British companies will probably return over 150,000 ounces; the total yield of the Colony will, it is estimated, reach 400,000 ounces; while the output of the South African mines is likely to approach 300,000 ounces. Probably it would be within the mark to look for a total yield of nearly 750,000 ounces of gold in the current year from the whole of the Queensland (British, as well as local), Indian and South African mines, and for a considerable increase upon that amount in succeeding years; so that the gold production of the three centers to which we have referred bids fair to affect considerably the supply of the precious metal in the near future."

FINANCIAL DISCUSSIONS IN CONGRESS.

The bill that passed the House, declaring that the Secretary of the Treasury had authority to purchase bonds with the national surplus, met with a singular fate in the Senate. An amendment was introduced, and finally carried, authorizing the purchase of silver to fill the vacuum created by the withdrawal of the national bank circulation, which should not be replaced by other circulation within thirty days from the time of such withdrawal. This amendment gave rise to a warm debate, in which Senators Beck and Allison appeared as the chief champions of the measure, and Senator Sherman as its strongest opponent. It is not believed that the House will act on the measure, inasmuch as the principal feature of the

bill, pertaining to the Secretary of the Treasury's authority to buy bonds, has been determined by both Houses. The object, therefore, of the original bill having been accomplished, there is no need of pursuing the measure further; but we cannot help thinking that those who are in favor of sustaining the bi-metallic system were quite mistaken in their action. Two things they wish to accomplish—one is to sell more silver; but the other is not less important, to maintain its price. We recall the illustration, found in so many of the economic books; the owners of the Spice Islands, many years ago, in order to maintain the value of their product, destroyed a considerable portion of their crop during the years when the supply was excessive. In other words, they perceived that more money could be made by selling the usual quantity at the usual price than by selling a larger quantity at a greatly reduced price; and so the producers of silver, if attempting to sell too much, especially to the Government, to be used in the form of money, may diminish its value and thus defeat the real end they have in view, namely, to derive a larger profit from their mines. For it must also be considered, when dealing with silver, that its price is more sensitive to some influences than other commodities. The prices, for example, of goods sold at retail, are less affected by the desires and knowledge of the purchasers than goods sold at wholesale, for the reason that the retail buyer is less intelligent and is less strenuous in obtaining low prices than the wholesale buyer; and likewise the sale of silver to be manufactured into money would be more likely to affect its price unfavorably than if the same quantity were sold for manufacture into table-ware or for other uses of a mechanical nature. The sale of every ounce of silver to the Government is well known, and the depreciation of silver, measured by the gold standard, is already so large that the market has become exceedingly sensitive to any further extension of the silver coinage. The fears and hopes of men are price-making elements, and the fear that the depreciation in silver will sooner or later manifest itself by a departure among traders of its market from its legal valuation, is ever present.

Of course, the reply is that so long as the Government continues to take silver at its legal valuation, in other words, to regard a silver dollar as possessing the same value as a gold dollar, no danger is to be apprehended; but it may come, nevertheless, for no law can be enacted which will prevent persons from refusing to take them in future obligations. Therefore, we repeat, we cannot help regarding this measure as unwise for the silver interests, and that they are likely to maintain the price of silver more easily by selling it to less obtrusive purchasers than the Government, whose only use for it is to coin into money. It may be that this debate

will awaken the public to the danger already existing, and thus prevent the easy enactment of such legislation in the future. While we do believe that there is not gold enough in the world to effect its exchanges in the most advantageous manner, and that the remonetization of silver at a gold valuation would be a wise thing to do, we insist that the only possibility of ever persuading the stronger European nations to adopt such a policy is to coin the smallest amount of silver ourselves. To extend our silver coinage would only defeat the more surely the very policy which it is admitted by every one should, if possible, be adopted.

BALANCE OF TRADE.

A recent number of the *New York Commercial Bulletin* quoted the following extract from "Lalor's Encyclopedia of Political Economy," with approval:

"Formerly the precious metals, in consequence of being used as money, were long considered as the only real wealth that could be possessed either by individuals or nations. And as countries without mines could not obtain supplies of these metals, except in exchange for exported products, it was concluded that if the value of the commodities exported exceeded that of those imported, the balance would have to be paid by the importation of an equivalent amount of the precious metals, and conversely. It is now conceded on all hands that gold and silver are nothing but commodities, and that it is in no respect necessary to interfere either to encourage their importation or to prevent their exportation. The theory of the balance of trade is not erroneous merely from the false notions which its advocates entertained with respect to money, but proceeded on radically mistaken views as to the nature of commerce. . . . The imports into commercial countries must, speaking generally, exceed the exports, and a balance, whether on the one side or the other, is but rarely canceled by a bullion payment. . . . So far from an excess of exports over imports being any criterion of an advantageous commerce, it is directly the reverse; and unless the value of the imports exceed that of the exports, foreign trade could not be long carried on. Were the value of the exports always greater than the value of the imports, merchants would lose on every transaction with foreigners, and the trade with them would be speedily abandoned.

"The natural laws which regulate the trade in bullion are not in any degree different from those which regulate the trade in other commodities. It is exported only when its exportation is advantageous, or when it is more valuable abroad than at home. No merchant will remit bullion to discharge a debt in a foreign country if it be possible to export any merchandise which will net abroad more than the cost of the bullion. Money and bullion will never appear in the list of exports and imports

while there is anything else with which to carry on trade, or cancel debts, that will yield a larger profit or occasion a less expense to the debtors."

This doctrine theoretically cannot be assailed. It is certain that no one can eat gold or clothe himself with it. It is not one of the necessities of life. Indeed, from that point of view it is one of the least useful of commodities. Does not a nation then do wisely which seeks to get rid of such worthless stuff in exchange for bread and clothing and other things that minister to the comfort and happiness of living? All this is as plain as noon-day; and yet another fact is equally plain, that the export from a country of no other commodity, in ever so small quantities, makes its business interests so nervous as the exportation of gold. The business men of Great Britain who have been denouncing the mercantile theory ever since the time of Adam Smith, are nevertheless as strenuous in preserving the gold of Great Britain as the Berlin bankers, or those of any other country. As soon as purchases begin in any considerable quantity for exportation, the interest rate of the Bank of England is immediately raised, notwithstanding the well-known consequences to trade which follow this policy. Now if gold be such a useless thing; if its exportation should be a cause for rejoicing; if wheat, iron and clothing are of far more consequence to the human race, why should the British manufacturer and banker make such a fuss over the exportation of gold? Is not the contradiction direct between his theory and his practice?

The truth is, that however useless gold may be as a necessary of life, it has an enormous use as a debt-paying instrument. The indebtedness of Great Britain must be discharged in gold, and therefore any considerable exportation of this medium fills the people with disquietude, because they realize clearly enough that their power to discharge their indebtedness is thereby impaired. There is a smaller quantity of the debt-paying medium. This is the real reason why exports of gold are so unfavorably regarded, and why measures are immediately taken to prevent them as soon as a considerable drain is apprehended. If this reasoning be correct, it is very clear that the larger the quantity of gold which is devoted to debt-paying purposes, the less keenly will a withdrawal of any portion affect business interests. A large quantity of gold is like a large reservoir of water, from which the drawing would not be perceived so quickly as it would be from a smaller one. Now, if this reservoir, instead of consisting wholly of gold, were supplemented or enlarged by the use of silver, an export would be regarded with less disquietude, for the quantity of silver in the world is very large, and there-

fore the enlargement of the reservoir by this additional metal would enhance enormously the fund from which the world's indebtedness could be discharged. No argument testifies so clearly to the inadequacy of the gold reservoir for the payment of debts as the singular sensitiveness over the inflow and outflow of this metal. Large as our store of gold is at present, an exportation of a few millions would affect the markets, and be immediately used as a Bear argument for depressing the prices of all things. The same remark would apply to other gold-using nations. All the current facts of trade point to one conclusion, namely, the inadequacy of the gold supply as the medium of payments, and this is likely to remain the case until the reservoir is enlarged by the injection of silver. At present, the small supply of gold owned by the leading countries of Europe is a constant source of disquietude to all business interests, and is the less excusable because the remedy is so near. It is true that the larger use of silver would be attended with some difficulties of a serious character; but they are small compared with the enormous dangers that are ever impending in the business world in consequence of the inadequacy of gold to perform the enormous function which is now imposed upon that metal.

BANKERS AND TRUSTS.

One of the curious phases of the modern trust development is the participation therein by one or two of the most famous banking houses in the world. We now refer to the copper trust, and the Rothschild banking house. The world at large has supposed that this great banking house had ways enough for employing its wealth, without resorting to such a venturesome undertaking as a trust for the sale of a material commodity. The Rothschilds have obtained a world-wide reputation for conservatism in banking, and yet the copper trust with which they have become associated is, if we are to trust the newspapers, not conducted on very conservative principles. In a recent number of the *London Economist* the following remarks appear on this subject:

"They appear to have taken a very large interest in the French syndicate, which has forced up the price of copper from under £40 per ton to over £80, with the result that the industries in which copper is used have suffered very greatly, owing to the utterly unjustifiable advance in price. In the second place, it is a matter of common knowledge that members of the same firm have interested themselves very largely in the diamond gamble, to which we referred at some length a

fortnight ago, a movement which has even less in its favor than the rig in copper, except that it is unaccompanied by any harmful influence on legitimate industry; and, in the third place, the statement is made that the Messrs. Rothschild have obtained direct representation on the New York Stock Exchange. It is therefore evident, as we have said, that the Messrs. Rothschild, at all events, are striking out in a line of business which appears to be quite at variance with the old traditions of the house."

The hazardous nature of this business is becoming more and more apparent, if we can believe the ordinary sources of information, for it would seem beyond question that the copper trust, in order to maintain prices, is accumulating a large amount of copper, and which cannot be sold except at heavy loss. M. Secretan, the head of the trust undertaking, has recently informed the world that he has purchased the surplus, thus relieving the trust on the one hand, and taking the risk solely himself. But there are those who will question very much whether the purchase of two millions or more of copper a month is made solely by this man. Of course, it is seen that the only way to maintain prices is to restrict sales, and therefore the alternative is presented of accumulating the excess. But what is to be done with it? that is the question. Sooner or later it must be sold, and then somebody will get hurt. Already, the high prices of copper are restricting its use. Those who formerly have been using it in the manufacture of brass goods and other wares are employing substitutes; while the copper mines, stimulated by unusual prices, are rapidly increasing their output. Large as the excess is for M. Secretan and his associates to carry, it must be remembered that the fire in the Calumet & Hecla during the last several months has restricted its output, which, however, in the near future, will be greatly increased. With Calumet & Hecla in full operation, and other companies which have not been for years, or only in a small way, the trust will have a deluge of copper which is likely to prove troublesome to them in the end to control. Indeed, the end of this trust is evidently not very many months away. What shall be said of the great banking house which is occupying such a prominent figure in the transaction? This certainly is a bad business, and if the trust should collapse and the Rothschilds should become wiser by their venture, they doubtless would be better able to pay for their wisdom than any other banking house. But the example is deplorable.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

THE DUTIES AND LIABILITIES OF THE PRESIDENT.

What are the powers of a president? Says President Green (*First National Bank v. Kimberlands*, 16 W. Va., 555, p. 579): "The president of a bank or of any corporation has, except to the very limited extent [of instituting and carrying on legal proceedings to collect claims], no inherent authority, by virtue of his office, to enter into contracts or agreements which will bind the corporation. But, on the other hand, it is clear that he may be authorized so to do, and, it is equally clear that it is not necessary, in order to prove such authority, to produce a resolution of the board of directors conferring the authority, or to prove any action or consultation of the board on the subject, but such authority may be inferred by proving the existence of such facts as constitute clearly a public holding out that such an agreement or contract as he has entered into was within the scope of his legitimate delegated authority, and as warrant the public in so believing." (The court citing *Farmers' Bank v. McKee*, 2 Pa. 318; *Mt. Sterling Turnpike Co. v. Looney*, 1 Met. Ky. 550.)

"It may be difficult in some cases to say," the court further remarks, "when the authority to make the contract or arrangement for the corporation by its president or other officer, may be fairly inferred from the proof of the president or other officer being in the habit of doing acts beyond those which were inherent in him by virtue of his office. . . . In all such cases the question is not so much, whether the authority has been conferred by the directors on the officer, as whether the directors, by their acquiescence in similar acts done by the officer, in a large variety and number of acts, though not similar, justified the party dealing with the officer in believing that the directors had conferred on him such authority. . . . Not only may the authority of an officer of a corporation, as a bank, to do a particular act, be inferred from proof of his habitually doing such acts with the acquiescence of the directors of the corporation, but where no such acts are proven, if any act or contract of such officer, made without authority, is subsequently ratified by the directors upon full knowledge of all the circumstances of the case, the corporation will be bound thereby as fully as if the officer had been expressly authorized to do the act or make the contract. This ratification need

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not be shown by direct evidence that it was expressly approved by the board of directors, but such ratification may be inferred from their accepting the benefits of the act or contract." (*First National Bank v. Kimberlands*, 16 W. Va. 555, p. 580-581; *Smith v. Lawson*, 18 W. Va. 212; *Merchants' Bank v. State Bank*, 10 Wall. 604; *Hodge's Ex. v. First National Bank*, 22 Gratt. 51.)

A bank president can do many things not specified in the by-laws of his association. In *Libby v. Union National Bank* (99 Ill. 622), the contention was whether he could purchase real estate to satisfy some notes that had been taken by the bank in the usual manner. "It would seem," remarked Judge Dickey (page 630), "there can be but little doubt upon this question. Coolbaugh was not only the president of the bank, clothed with official authority as such, but he was the general agent and manager of the affairs of the bank, and had been from its very organization. . . . His powers, as shown by a long course of action known to and acquiesced in, and evidently approved by the directors, fully warranted him in accepting, in satisfaction of suspended paper, any valuable thing which, in his judgment, it seemed wise to accept. It is strenuously insisted, because there is no special grant of such power to him, as president, found in the by-laws, that he had in fact no such power. There are many things done daily in every bank, which are, in fact and in law, the acts of the bank, and of which no mention is made in the by-laws. Some officer, or agent, or employee of the bank receives, daily, large sums of money on deposit, for which the bank at once becomes liable, and yet no mention is made in the by-laws of any power in any officer or agent to receive such deposits. Had Coolbaugh accepted from Libby a draft on New York, payable to the bank, for \$55,000, in satisfaction of these . . . notes, or in purchase of them, and had he paid Libby for the same, in addition to the notes in question, \$22,000 from the cash of the bank, or had he given instead to Libby the promissory note of the bank for that sum, there could have been no question as to his acts in that regard being the acts of the bank, and by which the bank would have been bound. The whole course of business of this bank, as managed by Mr. Coolbaugh for years, shown by the proofs, could leave no doubt about this. It is not perceived that the fact that real estate was accepted, and not a draft, can make any difference."

The president has authority to receive money due to his bank, and his official receipt therefor would be evidence against the institution of the fact. (*Booth v. Farmers and Mechanics' National Bank*, 4 Lans. 301, p. 305.) So, too, the release or satisfaction by the president of a judgment against the debtor of his bank would

be evidence of the receipt of the money due thereon. (*Id.*) But if the president should assign such a judgment without value, and afterward, without the assignee's consent, should discharge the judgment debtor, the assignee could not recover the amount of the bank, for the reason that the president would have no authority to discharge the judgment debtor after assigning the judgment. (*Id.*)

The president may be authorized to indorse or transfer its negotiable notes, nor need the conferring of such authority expressly by the board of directors be proved. It may be "by the existence of such facts as constitute clearly a public holding out that the indorsement or transfer of the negotiable notes of the bank by the president was within the scope of his legitimate delegated authority. The inference that such an authority has been conferred may be legitimately drawn by proving that he was in the habit of indorsing or transferring negotiable notes of the bank or of other choses in action of any other character, such as bonds and mortgages. But . . . it could not be legitimately inferred from his habit of receiving deposits in the bank or his receiving payment of its negotiable notes, that the power to dispose of or transfer a negotiable note had been conferred on the president of a bank; for this would be the exercise of an entirely different sort of power, and one much more limited in its character." (Green, J., in *Smith v. Lawson*, 18 W. Va. 212, p. 229.)

"It has been settled," says Denio, C. J., (*New York Central Insurance Co. v. National Protection Insurance Co.* 14 N. Y. 85, p. 91, revs'g 20 Barb. 468), "by a long course of adjudications in the courts of equity, that a trustee or agent of one person cannot make a valid contract respecting the subject matter to which the trust or agency relates, where he has a personal interest. His constituent, it is said, is entitled to have all his skill and judgment employed in his service; but if he is himself the other party to the contract, the utmost which could be expected from a very honest man would be the ordinary fairness of an umpire." (Paley's *Principal and Agent*, by Lloyd, 33, and notes; *Torrey v. The Bank of Orleans*, 9 Paige 663; *Van Epps v. Van Epps*, *id.* 237; *Hawley v. Cramer*, 4 Cow. 736; *Bostwick v. Atkins*, 3 N. Y. 53.) And Smith, J., has added: "It is a necessary and universal implication in all cases of agency, that the power conferred upon the agent is to be exercised for the exclusive benefit of the principal. It is repugnant to the very nature and essence of such power to hold that it may be used for the benefit of the agent in hostility to the interests of the principal. That a trustee or agent shall not act for his own benefit in any matter relating to his agency or trust, is an old and familiar doctrine of the court of equity,



frequently asserted in the courts of this country and in England. The rule is applicable to all persons standing in a trust relation. The principal is entitled to the exercise in his behalf of all the skill, industry and ability of his agent, and to his intensest fidelity to his trusts." (*Clafin v. Farmers and Citizens' Bank*, 25 N. Y. 293, p. 296, and revs'g 36 Barb. 540.)

In applying this rule to a bank president, he has no authority to certify a check drawn by himself. (*Clafin v. Farmers and Citizens' Bank*, *Id.*) And if he should do so, the act itself would be such a palpable excess of authority that no holder could compel the bank to pay the amount (*Id.*) In *Clafin v. Farmers and Citizens' Bank* (*Id.*, p. 298), the plaintiffs, said Smith, J., "had distinct notice, by the face of the certificate and the signature thereto, that the acceptance was improperly and irregularly made. It was patent on the face of the paper that the acceptance was a fraud; that the president of the defendant's bank, in accepting such checks, was violating his duty, and using his official character for his personal benefit, and thereby perpetrating an act of dishonesty, in palpable violation of his trust. No business man of common intelligence could take these checks in good faith, and without suspicion or notice of this fraud."

Nevertheless, a president may, in his official capacity, transfer, by indorsement, a note belonging to his bank to himself, as an individual. Thus, in the case of *Palmer v. Nassau Bank* (78 Ill. 380), a note made by him and held by the Cook County National Bank, was indorsed "under the style of B. F. Allen, Pres't" to B. F. Allen, who transferred the same to the Nassau Bank, which sued thereon. It was objected that the president could not be both buyer and seller. But the court answered: "We know of no legal inability in the bank, through B. F. Allen, its agent and president, to transfer, by indorsement, the legal title of the note to him, B. F. Allen."

If the president of a bank is also president of another corporation, and is one of the makers and indorsers of a note held by the bank, he cannot consent for the bank to any arrangement which will release his own personal liability, or that of his co-directors, who are also makers of the note, and thus impair the bank's security. (*Gallery v. National Exchange Bank*, 41 Mich. 169; *Stevenson v. Bay City*, 26 Mich. 46.)

"It is a serious question whether a general authority in the president of a bank to make discounts, could empower him to make an arrangement under which the bank would surrender securities on receiving others, which it was at the same time agreed should be mere nullities so far as the sureties were concerned." (Cooley, C. J., in *First National Bank v. Bennett*, 33 Mich. p. 523.)

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If a president should give to persons in his own name and without authority from the directors, a guaranty against loss or liability for signing a note as sureties held by the bank, the guaranty would not bind it, but only the president. (*First National Bank v. Bennett*, 33 Mich. 520.)

"When the sale, assignment, or transfer of the property of the corporation requires the use of the common seal, it cannot be made without the assent and authority of the board." (Ruggles, C. J., in *Hoyt v. Thompson*, 5 N. Y., p. 335.) This principle was announced by Ruggles, C. J., in a bank case, and doubtless applies as generally to banks as to other corporations. And if the "powers and duties of the president and cashier are not prescribed by the charter, no power is conferred upon them to mortgage, assign, or dispose of the property of the corporation. That is a part of the management of the concerns of the company which is confided expressly to the directors, but not to the president and cashier. In no case has it been held that these officers have the power to assign a mortgage without the assent and authority of the directors." (*Hoyt v. Thompson*, 5 N. Y. 320, p. 335; *Leggett v. New Jersey Manufacturing and Banking Co.*, Saxon, Ch. 541.)

Sometimes the president acts as an agent of his bank, notwithstanding his position as chief officer. Thus the president of a bank which held overdue notes against a person took them to the maker and negotiated a settlement, receiving other notes and security therefor. "The president of the bank was not performing the duties of the directors respecting discounts when he made the settlement; he was a mere agent, and whatever he did within the apparent scope of his authority, to obtain the new security, is binding on the bank which accepted and holds the security." (Trunkey, J., in *Cake v. Pottsville Bank*, 116 Pa. 264, p. 270.)

If special deposits are received or kept with the knowledge of the directors, the bank, and not the president or other officer who received them, is the depository. Said Parker, C. J., in the *Essex Bank* case (*Foster v. Essex Bank*, 17 Mass. 479, p. 497): "Notwithstanding the act of incorporation gives no particular authority or power to receive special deposits, and although the verdict finds that there was no regulation or by-law relative to such deposits, or any account of them required to be kept and laid before the directors, or the company, or any practice of examining them, yet, as it is found that the bank, from the time of its incorporation, has received money and other valuable things in this way, and as the practice was known to the directors, and we think must be presumed to have been known to the company, as far as a corporation can be affected with knowledge, and as the building and vaults of the company were allowed to be used for this pur-

pose, and their officers employed in receiving into custody the things deposited, the corporation must be considered the depository, and not the cashier or other officer through whose particular agency commodities may have been received into the bank."

For what declarations or admissions of the president concerning the business of his bank is the institution liable? In one case the president requested a person to pay a note belonging to it which, however, he asserted had been paid. The bank books were examined and the president admitted that the note had been paid. Afterward, the bank sued the maker, and the court, speaking through Nelson, C. J., held that the declarations of the president were properly received in evidence. (*Bank v. Field*, 2 Hill, 445.) On the other hand, if he should give a certificate of deposit, for example, his statements and representations made when transacting the business would be binding on the bank, but he could not, "after the certificate was paid, either by admissions or otherwise . . . bind the bank to pay the amount of the certificate a second time . . . If that power exists, it is vested in the board of directors, and not in the president of the bank." (*Hasleton v. Union Bank*, 32 Wis. 34, p. 46; *Franklin Bank v. Steward*, 37 Me. 519; 39 *Id.* 542; 52 *Id.* 531; 11 *Serg. v. R.* 179; 18 N. Y. 255.)

In *Gould v. Cayuga County National Bank* (56 How. Pr. 505), this question was considered by the court. Gould loaned the bank \$55,000 of bonds which were kept there, that were needed as a deposit with the Government at the time of its conversion into a national banking association. Gould occasionally inquired concerning his bonds, and was told that the bank was using them. The cashier, however, appropriated nearly the whole amount, and when Gould learned this, he again inquired, and was told by the president that his bonds had been replaced before the happening of theft, and, consequently, that the bank was not liable. As other officers of the bank verified the statement, Gould agreed to release the bank and the cashier on the payment of a part of the amount due to him. Afterward, learning that the president's statement was false, that the bank had never replaced his bonds after borrowing them, he sued for the whole amount. The court said that "the plaintiff had the right to assume that the officers making the representation as to the return of his bonds had personal knowledge of the fact, and especially had he the right to assume that they were not making it upon the faith of the statement alone of the cashier. This was especially true as to the president. He was employed to watch over the interests and business of the bank, to see that neither the cashier or other officers stole or squandered its property, or wronged those doing business with it. It was solely his duty to see that the bonds of the plaintiff were returned.

The amount was large. The bank was liable if they were not returned, as was he himself. The plaintiff could not hesitate to believe his statement, earnestly and repeatedly made, that the bonds had been returned. He was speaking as the chief financial officer of the bank, and his statement was the statement of the bank."

Can the president bind his bank by promising that it will shield itself behind the statute of limitations in the event that a debt against it shall not be used? It has been decided that "in the absence of any different distribution of power by the charter, or by official action of the board of directors, it might well be right-fully exercised by general custom and usage by the president." (*Morgan & Co. v. Merchants' National Bank*, 13 Lea. 234, p. 242.) And if the president should be a guarantor of the debt, he could nevertheless make such a promise, for his liability would not be changed. (*Id.*) Nor would the promise be less binding if made outside the bank. There are doubtless many things that must be done at the place of business of the bank, but the Supreme Court of Tennessee remarked in a Memphis bank case: "We do not see that agreements and admissions that the debt was just might not as well be made in New York as in Memphis." (*Id.*)

It has often happened when the president has exceeded his authority, that the directors have ratified his conduct. The question in these cases is, what should be regarded as a ratification by them. In *Winton v. Little* (94 Pa. 64), a bank had loaned money, receiving therefor a note and confession of judgment, which was signed also by sureties. The note was taken by Winton, the president of the bank, and was made payable to him or bearer, and the judgment also was in his name. In order that the principal debtor might sell a portion of his lands the president released the lien thereon. As the note was not paid, and the bank sought to recover of the sureties, they defended, on the ground that the president had released land from the lien of the judgment without their consent, of enough value to pay the same, and therefore were not liable. Winton contended that he had no authority from the bank to execute the release. But, asked the court, "why did the directors suffer the judgment to stand in his name if they had not given him authority to take it? If no such authority was given, what was the long acquiescence but a ratification? . . . If it chose to put the judgment in name of another it ought to be bound by his acts in dealing with it."

It has been asserted by Mr. Morse that there is "no question" concerning the authority of the president "to take charge of the litigation of the bank. . . . He may institute and carry on legal proceedings to collect demands or claims of the bank. He

may appear, answer and defend in suits against the bank. He may retain and employ counsel on behalf of the bank." (*Banks and Banking*, p. 128.) And this doctrine has been quoted with approval by the courts. (*First National Bank v. Kimberlands*, 16 W. Va., p. 579; *Hodge's Ex. v. First National Bank*, 22 Gratt., p. 59.) The courts, generally, however, have not stated the doctrine so broadly. In the case of *Mumford v. Hawkins* (5 Denio 355, p. 358), the president of a bank, to recover fees charged in a proceeding which had been begun by his authority, Beardsley, C. J., said that, "in the absence of all proof to the contrary, we think it must be assumed that the president was duly authorized to institute and carry on that proceeding for the bank," (*American Insurance Company v. Oakley*, 9 Paige, Ch., 496; *Oakley v. Working Men's Union Benevolent Society*, 2 Hilt. 487.) "It is a matter of every day's occurrence," says Chancellor Walworth (*American Insurance Company v. Oakley*, 9 Paige, Ch. p. 501), "for the president or other head officers of corporations to employ and retain attorneys and counsel to prosecute or defend suits, or to assist in legal proceedings in which the corporation is interested." (See *Alexandria Canal Co. v. Swann*, 5 How. U. S. 83.) And in Kentucky the court has said that "the president of the bank, being its chief executive officer, [has] a right as such to appear and answer for it, and employ counsel for its defense." (*Savings Bank v. Benton*, 2 Met. 240, p. 244.) In Mississippi he can even authorize the bank's attorney to remit a judgment that has been rendered in its favor. (*Case v. Hawkins*, 53 Miss. 702.) Yet in nearly all the cases in which the question has arisen, the courts have sustained the action of the president most strongly, on the ground of a subsequent implied ratification by the directors. And if a board of directors reserve the power to institute and control legal proceedings, of course the president has none. (*Citizens' Bank v. Keim*, 10 Phil. 311.)

A president cannot charge a bank with a debt for which it is not liable. The Supreme Court of Alabama remarked, when a bank in that State was sued on a debt of this nature: "It was not within the scope of his authority to charge it with a debt by his admission. The management of its affairs had been committed, by the charter, to a board of ten directors. Debts of the bank might result from its contracts, or arise out of transactions with it, but could not be created by the mere admissions of its president, any more than its rights could be released or annulled by his unauthorized directions." (*Henry & Co. v. Northern Bank*, 63 Ala. 527, p. 537, the court citing *Stryker v. Spence*, 8 Id. 333.)

Neither the president nor cashier, nor both by united action, can release the obligation of a maker, indorser, or other guarantor

of an obligation due to their bank. (*Hodge's Executor v. First National Bank*, 22 Gratt., 51.) Says Mr. Justice M'Lean, in a suit by the Bank of the United States (*Bank v. Dunn*, 6 Pet. 51, p.): "It is not the duty of the cashier and president to make such contracts; nor have they the power to bind the bank, except in the discharge of their ordinary duties. All discounts are made under the authority of the directors, and it is for them to fix any conditions which may be proper in loaning money."*

Unless authority be conferred on the president by the charter or by-laws of the bank, he cannot use its money or other property for paying its debts; nor will the use of its seal impart validity to an unauthorized transfer. (*Gibson v. Goldthwaite*, 7 Ala. 281.)

The president is liable for losses occasioned by overdrafts which are paid by his order or direction. In a California case (*Oakland Bank v. Wilcox*, 60 Cal. 126), in which the president was sued, the evidence showed that the money was drawn for the joint use of the drawer and the president; that at various times the drawer's overdrafts between April and July, were paid by the president's order; that he did not order the cashier to do otherwise during his absence; that the loss in question occurred on drafts which were paid by the cashier in July, when the president was away; and that the by-laws of the bank required that the finance committee should allow or refuse all loans. "In this case," said Myrick, J., "neither the president nor the cashier had any authority to permit an account to be overdrawn. To make an overdraft was a fraud in law on the part of the drawer; to pay or authorize the payment was a fraud in law on the part of the officer paying or authorizing payment. The money of the stockholders was invested, and of the depositors was deposited, to the end that the business should be managed as the by-laws should prescribe; those by-laws forbid loans to be made without the approbation of the finance committee; and when the president or cashier went beyond that, and loaned upon his or their own judgment, a violation of duty occurred."†

The liability of the president for losses is not the same in all cases. His liability is greater when he is employed with the

* See *United States v. City Bank*, 21 How. 356, in connection with remark of the court in *Hodge's Executor v. First National Bank*, 22 Gratt., pp. 59-61; *Olney v. Chadsey*, 7 R. I. 225; *Bank v. Jones*, 8 Pet. 12; *Merchants' Bank v. Marion Bank*, 3 Gill 96; *Brouwer v. Appleby*, 1 Sandf. 158; *Hoyt v. Thompson*, 1 Seld. 320; *Stryker v. Spence*, 8 Ala. 333; *Mount Sterling and Jeffersonville Turnpike Co. v. Looney*, 1 Met. Ky. 550.)

† The court added: "This is independent of any interest that Wilcox may have had in the hotel business. That interest added to the reason why he should not have caused or permitted the overdrafts. In *Farmers and Merchants' Bank v. Downey*, 53 Cal. 466, the court held that an officer of a bank could not make profit to himself out of loans made by him of the money of the bank; and it very naturally follows, if losses occur in the attempt, he must bear the losses."

expectation that he will devote a large portion of his time and ability to the bank, and is paid a commensurate salary, than when he is expected to devote only a small portion of his time and ability, and is paid no salary or a nominal one. Said a Kentucky court: A president with a nominal salary should not be held "to a stricter account than the use of ordinary care." (*Dunn's Administrator v. Kyle's Executor*, 14 Bush. 134.) In one case the frauds committed by a cashier could be ascertained only by an expert. Neither the president, nor his predecessor, nor the directors knew of them, "and no doubt were unable to detect them. When the fact was disclosed that a stupendous fraud of some sort had been perpetrated, under such circumstances, it seems to us," said the court, "that neither the president, with a salary of two or three hundred dollars per annum, nor the directors, should be held responsible for the default of the cashier." (*Id.*, p. 142.)

If the president places the money of a depositor to his own credit and permits him to overdraw, he becomes liable therefor and also for interest on the amount. (*Baker's Estate*, 7 Phila. 479; *Rapelye v. Emory*, 1 Dallas 349.)

A president would be liable for lending the securities of his bank to its customers to be taken away for inspection. To do such a thing would be "a breach of his duty, and not one of negligence merely." (*Citizens' Bank v. Wiegand*, 12 Phila. 496.)

[TO BE CONTINUED.]

BANK NOTE REDEMPTION FUND.

The following communication from Mr. Fairchild, Secretary of the Treasury, to Mr. Morrill, chairman of the Finance Committee of the Senate, on the above subject, is a very lucid and strong presentation of the reasons why the bill should not be passed. Elsewhere in the present number the subject is further discussed.

"Said bill directs the Secretary of the Treasury to invest 80 per cent. of the fund held by the Treasurer of the United States under existing statutes, for the redemption of the notes of national banks which have reduced or given up their circulation, by the purchase in open market of United States interest-bearing bonds.

"The bill is mandatory, and would require the investment to be made immediately upon its passage.

"The Secretary is further directed to sell in the open market so many of the said bonds as in his judgment shall be necessary to redeem the bank notes as they are presented for redemption, whenever the uninvested portion of said fund falls below 20 per cent. of the whole.

"The bill further declares that its purpose is to maintain in the Treasury for such redemption not less than 20 per cent. and not more than 30 per cent. of the money deposited.

"The notes of banks are scattered over the country, and ordinarily it

is more convenient for the public to send them all to one place for redemption than to select those issued by each bank and send them to it, hence existing law provides that their redemption may be made at the Treasury in Washington, as well as at the bank which has issued the notes, and each bank is required to keep, for that purpose, at all times with the treasurer, a sum equal to 5 per cent. of its outstanding circulation.

"The Treasurer redeems the notes as they are presented, and they are returned to the banks which issued them, the notes unfit for circulation being replaced by new notes. When, however, a national bank fails, voluntarily stops business or decides to reduce the amount of notes which it will have outstanding, then it deposits with the Treasurer at Washington lawful money equal in amount to the notes which will be retired in consequence of its action, and thereafter the notes in question are redeemed at the Treasury alone, and when redeemed are destroyed, and no other bank notes are issued in their place; therefore, this deposit is always exactly equal to an amount of national bank notes in circulation which in time will be destroyed, and never be reissued in any form.

"For example: A bank has \$100,000 of United States 4 per cent. bonds on deposit with the Treasurer to secure \$90,000 of notes; it will also have \$4,500 of lawful money on deposit with the Treasurer to enable him to redeem such of its notes as may be presented for that purpose from day to day; but if the bank decides to give up its circulation it will then deposit with the Treasurer \$85,500 in lawful money, making in all \$90,000—a sum equal to the whole of its outstanding circulation.

"As the notes of that bank are presented they will be redeemed and destroyed, and nothing will be issued in their place.

"Such a transaction as this would effect a diminution or contraction of the circulating medium available for business of \$85,500, and it takes place when the bank deposits that sum with the Treasurer.

"These bank deposits, it may be well to say, are mingled with the general assets of the Treasury, and are in no way distinguished from them, except that on the books there is a credit to that fund and a debit against the general assets.

"The redemptions are made in any form that is desired by the holder of the notes to be redeemed. On page 66 of the Financial Report for the year 1887 will be found the mode of payment during that year.

"A large amount of 3 per cent. bonds was on deposit with the Treasurer to secure bank circulation, and when those bonds were called many banks preferred to reduce circulation rather than substitute new bonds. In such cases the banks were credited in the redemption account with so much of the money due them on the bonds as was necessary to redeem the outstanding notes which had been secured by the called bonds, the balance being paid to the banks.

"A large portion of the present redemption fund has accumulated in this way, and not through actual deposits of lawful money by the banks. This method, however, had the same effect upon the amount of the circulating media of all kinds available for the business of the country, as the actual deposit of lawful money by the banks would have had.

"I have not the data before me to show from the experience of the department the proportion of redemptions ordinarily made in the first, second and third years from the date of deposit, but it is much the greatest in the first year, and gradually decreases, until at the end of the third year about 90 per cent. of the whole is redeemed.

"The fund to which the provisions of this bill would apply amounted

on March 2, 1888, to \$97,929,741.20, 80 per cent. of which is about \$78,000,000, which latter sum it would be the duty of the Secretary of the Treasury at once to invest in United States interest-bearing bonds, at such rates as he could buy them at in the open market.

"There would, therefore, be simultaneously a large expansion of the circulating medium, and forced purchase of a large amount of bonds, conditions which would conspire greatly to advance their price.

"Within one year from the time of purchase a large proportion, and within three years nearly all of the bonds thus purchased, must be sold in the open market, at such prices as they might bring, for the purpose of again getting into the Treasury money to redeem the notes as they are presented; but now the conditions would be exactly the reverse of what they were at the time of purchase; there would be a forced sale of bonds, and at the same time a contraction of the circulating medium, conditions which would conspire to lower the price of bonds.

"Under these circumstances it might happen that enough money would not be realized upon the sale to enable the Treasurer to fulfill his trust to the people of the country, who have in their possession \$97,927,741.20 of bank notes.

"This would certainly be the case unless the interest which might accrue upon the bonds should equal the loss caused by the decline in the price which would result from the conditions above stated, and this is not probable.

"It has been suggested that the price of bonds might, if the bill became a law, be suddenly forced down below the normal point by persons who should collect and present for redemption national bank notes in abnormal quantities; this result would not be impossible, perhaps not improbable, if the opportunity and temptation were offered to speculators. Such a trust ought not to be exposed to the hazard of bond speculation.

"After mature consideration of the above facts and statements, it does not seem to be well thus forcibly and suddenly to expand the circulating medium, when expansion inevitably must be followed in a short time, and perhaps suddenly, by almost equal contraction.

"The business of the country has already adapted itself to whatever diminution of circulating medium has been caused through the surrender of circulation by national banks. The alternate expansion and contraction resulting from this bill would, in my judgment, promote only speculation, not healthful business. What I have said thus far relates to the money already in the fund in question.

"Had a law similar to this been enacted several years ago, and in anticipation of the deposits to be made, the evil effect would have been less than if enacted now and applied to so great an accumulation of deposits; it would not have caused a sudden expansion of the circulating medium, and it would have postponed for a short time the contraction which in any event must follow the surrender of circulation by national banks. The same might be said of a bill which should apply only to deposits for that fund hereafter to be made; still, the contraction would only be postponed, and on the whole it would appear to be better that the time when this contraction takes place should be determined by the voluntary action of the banks, as is now the case, than by the compelled action of the Treasury, as would be the case even if this bill applied only to future deposits. Banks will not sell their bonds unless it be profitable to do so, but the Treasury might be forced to sell them at a loss under the provisions of such a bill.

"The contraction of the circulating medium would be the same in

amount, and it might be more sudden under such a bill than under the law as it now stands.

"The last section of the bill authorizes national banks to issue circulating notes to the par value of the bonds deposited, instead of 90 per centum, as now.

"On February 28th last, the amount of bonds on deposit with the Treasurer to secure circulation was \$182,221,700, and the circulation thus secured was \$163,221,395. The increased circulation authorized by this bill would probably not exceed 10 per centum of the bonds now on deposit, or in all about \$19,000,000, for there would not be great profit in circulation at the present price of bonds, even if this additional circulation were authorized, and any attempt by the banks to purchase many bonds would soon advance their price beyond the point where circulation could be profitably issued upon them; this certainly would be the case if the forced governmental purchase required by the earlier provisions of this bill was simultaneous with bank purchases; however, the 10 per centum increase would be to that extent of benefit to the banks, and not harmful to the public, except as it might compel the Government to pay more for the bonds, the purchase of which is directed by this bill, than otherwise would be the case.

"In connection with this subject it is interesting to examine some of the tables in the last finance report. Table number one shows approximately the amounts of the various circulating media in this country, and where held at the close of each fiscal year since 1860.

"It will be seen that at the close of the fiscal year 1882 the maximum of national bank notes in existence since the institution of the national bank system was reached, viz.: \$358,742,034, and that there has been a steady decrease in the amount of such notes, until, at the close of the fiscal year 1887, it was \$279,217,788, a decrease in five years of \$79,524,256.

"A table on page 69 of the finance report shows that the balance of the fund on deposit for the redemption of the notes of national banks 'failed, in liquidation and reducing circulation,' was, at the close of the fiscal year 1882, \$37,056,729.60, and that at the close of the fiscal year 1887, it was \$97,992,918.10, an increase in five years of \$60,936,188.50; thus there was a total decrease in that time of the circulating medium through the retirement of national bank circulation of \$140,460,544.50.

"Further inspection of said table number one will show that in spite of this decrease in national bank circulation, the total of the circulating media in the country increased from \$1,394,355,138.50 in 1882, to \$1,551,156,997.27 in 1887, or a net increase in the five years of \$156,801,858.77.

"If the average annual decrease of national bank circulation should continue to equal that of the average of the past five years, the whole of such circulation would have been retired by the end of the fiscal year 1894.

"The minimum of bonds which the national banks now in existence must keep on deposit is about \$90,000,000; it is therefore not possible that this rate of decrease of circulation should continue, unless Government purchases of bonds drives their price so high that it is clearly for the interest of the banks to sell their bonds and retire from the national system; this might be the result should this bill become a law.

"But even if the national bank circulation should be retired in the future at the same rate as during the past five years, there is no reason to fear that its place will not be supplied by other forms of circulating media as rapidly as it has been in the past.

"In my judgment the purchase of bonds with the surplus revenues of

the Government is the only immediate relief caused by the accumulation of the circulating media in the Treasury through excessive and unnecessary taxation, but even this relief will be only temporary and partially effective for that purpose; repeal of the laws which levy the excessive taxation, and cause the accumulation of the harmful surplus, is the only adequate remedy for the fiscal disturbance which our Government now causes."

BOND PURCHASES AND BANK DEPOSITORIES.

On the second of April Mr. Fairchild, Secretary of the Treasury, sent a communication to the Speaker of the House, in answer to the resolution calling for information in regard to the purchase of bonds in August and September last, and the subsequent policy of increasing the deposits of public funds in national banks. The resolution contained the following inquiries bearing on these topics:

I.—At what dates were the propositions made by the Treasury Department to buy said bonds, give dates of purchase, name of seller, kinds of bonds purchased, amounts paid, and current rates at which said bonds were quoted at the time the proposition to purchase was made by the department.

II.—State what policy relating to deposits in national bank depositories was adopted which created the deficiency of \$2,000 in telegraphic expenses with national bank depositories. Give also reasons for changing policy first adopted, to wit, the purchase of bonds.

III.—State if the deficiency spoken of was caused by the large increase in the number of national bank depositories. State what per cent. of deposits has been allowed by the department on United States bonds deposited for this purpose for the past twelve years, and whether the rate has been uniform.

IV.—Has said new policy of the department concerning United States depositories, the number thereof, and the increased percentage of deposits allowed, had any effect to either increase or diminish the circulation of national bank notes, and to what extent, and whether said policy has resulted in the increase or diminution of the money supply of the country?

V.—State the number of national banks which have been designated as depositories of public funds since the adoption of the present policy, the number formerly designated that have availed themselves of the increased rate, etc.

The Secretary answers these inquiries as follows: In reply to the first question contained in said resolution, I submit copies of circulars of this department dated, respectively, August 3 and September 22, 1887. Said circulars were the only propositions made by the Treasury Department to buy bonds, and no persons or associations were employed by the department to purchase said bonds. All of the bonds were purchased upon tenders of the same made in response to the invitations contained in said circulars. The schedule hereto annexed, marked "A," answers the remainder of said first question.

In response to the second question, I have the honor to report that the policy of endeavoring to increase the number of national bank depositories and the amount deposited in the same was adopted about October 8, 1887, and after the purchase of the bonds spoken of on the eleventh page of the report of the Secretary of the Treasury for the year

1887. In response to the following inquiry, "Give also reasons for changing policy first adopted, to wit, the purchase of bonds," I have the honor to report that there was no change of policy. The bonds above referred to were purchased in obedience to and under the authority of the Revised Statutes, in order to meet the sinking fund requirements for the fiscal year ending June 30, 1888, as will be seen by reading the aforesaid circulars of August 3 and September 22, 1887, and the said report of the Secretary of the Treasury for the year 1887. The reason for endeavoring to increase the amount of deposits in national banks was that the full amount of bonds authorized and required by law to be purchased for the sinking fund during the fiscal year ending June 30, 1888, had been purchased already prior to October 8, 1887, as above stated, and there was, in the judgment of the department, no undoubted lawful power except an increase of deposits in national bank depositories to avert dangers which threaten the country because taxation in excess of the needs of Government was rapidly taking the circulating media from the channels of business and locking it up in the vaults of the Treasury.

In answer to the third question, I have the honor to report that the deficiency referred to was caused by the fact that the Treasurer of the United States at this time deemed it wise and prudent that he should have daily reports by telegraph of the amounts of money deposited each day, and of the amounts which were in transit to depositories, while theretofore said reports have been made by mail. The number of telegrams was, of course, greater than it would have been had there been a less number of depositories. Twelve years ago but few banks were allowed fixed balances. The practice was for the Treasurer to draw against his balance whenever funds were needed; in consequence the balances were not uniform, but fluctuated from 60 per cent. to par of the face value of the security. About October, 1886, the practice became quite general to allow a fixed balance equal to 90 per cent. of the face value of United States 4 per cent. bonds, and a somewhat smaller amount on 4½ and 3 per cent. bonds. This rule was changed in 1887, and a balance equal to par allowed on 4 per cents.; later, in October, in view of the stringency of the money market and the amount of surplus in the Treasury, and as an inducement to banks to become depositories, the rule was again changed and a balance was allowed equal to 110 per cent. of the face value of 4 per cent. bonds, and par of the 4½ per cents. whenever a sufficient margin remained to cover the largest deposit likely to be received in any one day. The number of national banks designated since October 7, 1887, is 82. The number of banks designated prior to October 7, 1887, that have availed themselves of the increased rate, is 123; the others, 85 in number, have not furnished a sufficient amount of bonds to give the necessary margin to cover one day's receipts, and consequently no material change was made in the amount of their balances. Herewith will be found a schedule marked "B," compiled from the books of the Register and Treasurer, which shows names of banks designated as depositories from October 7, 1887, to February 7, 1888; location of said banks, dates of designation, amount of security, when the bonds furnished as security were transferred to said banks, and from whom. Inclosed is also a copy of regulations or instructions to national bank depositories printed on blank transcripts, which are furnished to them by the department after designation marked Exhibit "C."

As to the fourth question, I should say that the increased percentage of deposits allowed upon security of the bonds deposited did have the

effect of somewhat diminishing the circulation of the national bank notes, but to what extent it is not possible to do more than conjecture, but probably not more than \$4,000,000 or \$5,000,000; on the other hand, if said policy had not been adopted, and the money had been allowed to accumulate in the Treasury, or if it had been used to purchase bonds, probably the high rates for money in the one case, or the high price of bonds in the other, would have induced a much larger surrender of bank circulation. I may further say that in my judgment the increase of deposits resulted in a large increase in the money supply available for the business of the country for the time being, and averted serious financial distress, and that it neither increased nor diminished permanently the circulating medium of the country.

The fifth question is answered in the reply to the third question, and in the schedules hereto attached.

Permit me to add that by the use of all lawful powers and expedients this department during the past year has earnestly and anxiously striven to avert dangers and difficulties which cannot be cured or for long prevented from working great harm, no matter what devices are attempted, unless the revenues of the Government are so reduced as nearly to equal its ordinary and necessary expenditures. Respectfully yours,

C. S. FAIRCHILD, Secretary."

COLLECTIONS.

CIRCUIT COURT, NEW YORK.

First National Bank v. Bank of Monroe.

Plaintiff sent to F. bank a draft indorsed "for collection," accompanied with instructions to "collect and credit proceeds." F. bank sent the draft to the defendant, and the latter collected it, received the proceeds, and credited them to the F. bank, in accordance with the usual course of business between the F. bank and the defendant, and notified the F. bank of the credit. The F. bank suspended business before crediting plaintiff with the proceeds, but after they had been collected, and after it had received notice of the credit. After the suspension of the F. bank, the receiver appointed over its affairs credited plaintiff with the proceeds of the draft on the books of the bank. *Held*, that the indorsement "for collection" was notice to the defendant of the qualified title of the F. bank, and defendant could not acquire any better title to the draft or the proceeds than that of the F. bank, and could not, as against the plaintiff, apply the proceeds to an account owing the defendant from the F. bank; and that the defendant could only defeat an action brought to recover the proceeds in its hands by showing that the draft or its proceeds belonged to the F. bank.

Held, further, that the relation of principal and agent continued between the plaintiff and the F. bank so long as the latter did not assume the relation of primary debtor to the plaintiff for the proceeds of the draft; that the plaintiff not having been credited with the proceeds by the F. bank, the relation between them remained that of principal and agent, and not debtor and creditor; and that the F. bank, not having credited the plaintiff with the proceeds while it was a going concern, could not, by doing so subsequently, change the existing relation.

Held, in an action brought by the plaintiff against the defendant to recover the proceeds of the draft, the defendant not having remitted the proceeds to the F. bank was liable to the plaintiff for the amount.

WALLACE, J.—This action is brought to recover the proceeds of a draft of \$3,095, drawn upon Warner & Co., of Rochester, New York, and accepted payable at the defendant's banking house at that place. The

draft matured June 18, 1887, and was paid on that day to the defendant. The plaintiff became the owner of the draft prior to May 23, 1887, and on that day transmitted it by mail to the Fidelity National Bank of Cincinnati, indorsed "For collection, for First National Bank of Circle-ville," accompanied with instructions "For collection and credit." May 25th, the Fidelity Bank transmitted the draft by mail to the defendant, indorsed "For collection, Fidelity National Bank, Cincinnati," accompanied with instructions to collect and credit the proceeds to the Fidelity Bank. For a considerable time prior to May 23d the plaintiff had kept an account with the Fidelity Bank, and the latter had collected negotiable paper for the plaintiff, and, by the course of business, the collections when made to the plaintiff were credited by the Fidelity Bank, and the amount after notice of the credit. The plaintiff was allowed interest by the Fidelity Bank upon daily balances. The Fidelity Bank sent the draft for collection to the defendant, pursuant to an arrangement by which each sent to the other commercial paper for collection; it being understood that the proceeds were not to be specifically returned, but were to be credited to the sending bank by the receiving bank, and enter into a general account between them, consisting of such collections and other debit and credit items. When the draft was paid by the drawee to the defendant, the latter credited the Fidelity Bank with the proceeds, and notified the Fidelity Bank by due course of mail; and June 21st the Fidelity Bank charged the defendant on its books with the proceeds. The Fidelity Bank suspended business at the close of the day of June 20th, being then insolvent, and did not resume business, and passed into the hands of a receiver. After this, on July 21st, the plaintiff was credited on the books of the bank the proceeds of the draft. When the Fidelity Bank failed it owed a balance of \$2,634 on the account to the defendant, exclusive of the proceeds of the draft.

Upon these facts it appears that the relations between the defendant and the Fidelity Bank in respect to paper received by the former from the latter for collection were those of debtor and creditor, and not merely of agent and principal (Morse, Banks, 52); and the defendant, having received the paper with the right to appropriate its proceeds upon general account, to offset or apply upon any indebtedness existing or to accrue from the Fidelity Bank, growing out of the transactions between the two banks, was a holder for value. (*Bank v. Railroad Co.*, 14 Blatchf., 242, affirmed 102 U. S., 14.) If the defendant had been justified in assuming that the draft was the property of the Fidelity Bank, it would have been entitled to a lien upon it for a balance of account, no matter who was the real owner of the paper. (*Bank v. Bank*, 1 How., 234.) But the draft bore the indorsement of the plaintiff in a restricted form, signifying that the plaintiff had never parted with its title to the paper. The indorsement by the plaintiff, "For collection," was notice to all parties subsequently dealing with the draft that the plaintiff did not intend to transfer the title or the ownership of the proceeds to another. The defendant could not acquire any better title to the draft or to its proceeds than belonged to the Fidelity Bank, except by a purchase for value, and without notice of any infirmity in the title of the latter; and, as the indorsement upon the draft was notice of the qualified title of the Fidelity Bank, the defendant simply succeeded to the rights of that bank. These propositions were fully considered and decided by this court in *Bank v. Bank*, 22 Blatchf., 58, 19 Fed. Rep., 301; and the authorities cited in the opinion in that case amply support the conclusions stated. In view of the restrictive indorsement of the plain-

tiff upon the draft, if the defendant had actually made an advance to the Fidelity Bank on the faith of the draft, it could not have retained the proceeds as against the true owner.

The real question in the case is whether the defendant can defeat the plaintiff's recovery, in whole or in part, upon the theory that the Fidelity Bank has acquired title to the proceeds of the draft. If the course of dealings between the plaintiff and the Fidelity Bank was such as to imply the understanding of both that the proceeds of all paper intrusted to the latter for collection should be retained and used as the money of the latter, the law must give effect to this intention and understanding; and it would follow that the proceeds would become the property of the Fidelity Bank the moment when, according to the contemplation of the parties, the relation of principal and agent was to be superseded by that of debtor and creditor. If the proceeds of the draft became at any time the property of the Fidelity Bank, the plaintiff cannot look to the defendant, but must assert its claim as a general creditor of the bank against the receiver. The business relations between the plaintiff and the Fidelity Bank differed in no respect from the ordinary one of banker and customer, in which the account of the latter is made up of credit items of various kinds, including deposits, discounts and collections. The custom of bankers to credit customers with the proceeds of paper left for collection when the paper has been collected, is universally recognized; and customers and bankers are presumed to contract and deal together in view of this usage. The law therefore authorizes the banker to credit the customer with the proceeds in lieu of making a specific delivery; and the necessary effect of an authorized credit is to create the relation of debtor and creditor between them from the time when the credit is given. Where, as was done in the present case, the customer gives instructions for "collection and credit," he merely expresses in terms what the law would imply if no instructions had been given. When paper is thus delivered to a banker for collection, the banker becomes the customer's agent to make collection, with authority to pass the proceeds to the customer's account by a credit after they are collected; and he undertakes the duty of an agent for all the purposes of making the collection. He cannot terminate his responsibility as an agent until he has fully discharged it, and has substituted in its place his unqualified obligation as a debtor. Until the banker becomes a debtor, and his obligation as such is complete and irrevocable, he remains an agent merely; and until then he acquires no title to the proceeds of the paper beyond the banker's lien. It is not unusual for bankers to credit their customers with paper left with them for collection in advance of the actual receipt of the proceeds. Ordinarily this is a provisional credit only, made in anticipation that the paper will be promptly paid, and with the right to cancel the credit if the paper is dishonored. (*Bank v. Bank*, 4 Dill., 290.) When the paper consists of sight drafts or checks, and the credit is given when the paper is delivered as upon a deposit of money, the transaction may be equivalent to the discount of the paper, or the delivery may be treated as a deposit of money, in which case, of course, the title to the paper passes to the banker. (*Railway Co. v. Johnston*, 27 Fed. Rep., 243.) These are exceptional transactions, however, in which the rights and obligations of the parties are to be ascertained from the special facts of each case; and they furnish no rule which can be applied to a case like the present, where the credit is not given by the banker until the collection of the paper. If the Fidelity Bank had credited the plaintiff with the proceeds of the draft while it was a going concern, notwithstanding it had not

actually received the proceeds, the question would arise whether the plaintiff would not be concluded and its position fixed as that of a creditor instead of a principal. In a case like that it might be urged with much reason that when the banker has, through his sub-agent, collected the paper intrusted to him, and given credit for the amount to the customer, he has done just what both parties contemplated should be done, and hence has properly substituted himself a debtor in place of an agent. The case of *Levi v. Bank*, 5 Dill., 104, decides, in effect, that the holder of paper who delivers it to a banker "for collection and credit" is at liberty to treat the banker as an agent until the proceeds are collected by the banker in money, and that the authority of the latter to credit the customer does not arise until he has actually received the money. If that adjudication should be followed in the present case it would be decisive against the contention of the defendant, inasmuch as the Fidelity Bank has never received the proceeds of the draft in money. But it is not necessary for present purposes to adopt the views of the learned judge, expressed in the opinion in that case. Up to the time when the receiver took possession of its assets, the Fidelity Bank had neither credited the proceeds of the draft to the plaintiff nor notified the plaintiff that the draft had been collected. It had not elected to terminate its character as an agent and assume that of a debtor to the plaintiff when it suspended business. It could not do this when *in articulo mortis*, and thus divest the plaintiff of title to the proceeds of the draft, without disloyalty and injury to its principal. The ordinary relation of banker and customer was then at an end, and the implied contract founded on that relation did not extend to the new situation.

The defendant's position is no better than the position of the Fidelity Bank. It cannot withhold the proceeds of the draft from the plaintiff because it has any title of its own, or any right as against the plaintiff to apply them upon the indebtedness of the Fidelity Bank. Its defense rests solely on the right of the Fidelity Bank to retain the proceeds as the property of that bank. If it had remitted the proceeds to the Fidelity Bank, instead of crediting them to that bank, it would have fulfilled its whole duty towards the plaintiff as the owner of the draft.

Judgment is ordered for the plaintiff.

PAYMENT OF CHECK THROUGH CLEARING HOUSE.

SUPREME COURT OF PENNSYLVANIA.

*German National Bank of Pittsburgh v. Farmers' Deposit
National Bank of Pittsburgh.*

What constitutes payment of a check which comes through the clearing house to the bank upon which it is drawn depends largely upon the intention of the bank. The placing of the check upon a particular file, or its entry in a journal, is evidence, but does not conclude any one. Such acts are, perhaps, a conditional payment, that is, they indicate an intention to pay, if nothing afterward occurs to support a different course, but they do not necessarily prevent the depositor from stopping the check.

When the rules of the clearing house give its members until a certain time to return checks which they decline to pay, it must be held that a bank which returns a check in time has not paid it, notwithstanding it may have previously entered and filed it in exactly the same manner and in the same place as all checks that it pays.

This is peculiarly true when it appears that the bank, for its own convenience and the expedition of its business, is in the habit of immediately entering and filing all checks upon it received through the clearing house.

It would, perhaps, be otherwise with a check not presented through the clearing house. Any objection to a check so offered would naturally be expected to be made at the time of presentation.

Opinion by PAXSON, J.—A statement of the facts is essential to an understanding of this case. They are substantially as follows: On May 24, 1884, the Germania Savings Bank drew and delivered to the Penn Bank a check on the German National Bank for \$20,000. The Farmers' Deposit National Bank and the German National Bank were members of the clearing house. The Penn Bank was not, but was represented therein by the Farmers' Deposit National Bank as its agent. For the purpose of collecting said check through the clearing house, the Penn Bank indorsed it, "For deposit, clearing house, May 26, 1884, Penn Bank, Pittsburgh; C. F. McCombs, A. Teller," and deposited it with the Farmers' Deposit National Bank. The check was sent through the clearing house on May 26th, in the usual manner, and the Farmers' Deposit National Bank received credit at the clearing house for the amount thereof. The check was then sent in the usual course of business to the German National Bank upon which it was drawn, where the envelope containing it was opened by C. Van Buren for the teller, who examined it and placed it upon file. Shortly after this, John E. Wessler, the assistant teller, took it off the file and entered it in the journal, but it was not then, nor had it ever been, posted in the ledger. This was on May 26th. On the same day the Penn Bank failed and closed its doors a little after twelve o'clock.

The Germania Savings Bank, hearing of this, and having, it is alleged, a defense to the check as against the Penn Bank, immediately notified the German National Bank to stop payment. On receipt of this notice, the German National Bank canceled the entry on its journal, and handed the check to its messenger, with instructions to return it to the Farmers' Deposit National Bank, where it was presented before one o'clock, with the information that payment had been stopped, and a demand was made upon the latter bank for the money. The messenger was requested by the teller of the latter bank to guarantee the cut (made by the file), whereupon the messenger wrote on the back of the check the words: "Cut guaranteed, O. C. Bergdorf, Messenger." Whereupon the check was accepted, charged back to the account of the Penn Bank, and a teller's check for the amount given to the German National Bank, which was duly paid through the clearing house next day. The Farmers' Deposit National Bank held the check, as already stated, for the mere purpose of collection, as agent of the Penn Bank. There is nothing in the case to show if it ever asked the German National Bank whether it had accepted it, or would accept it; that it had any knowledge that the check had been on file (except what the cut would imply), or entered upon any book of the German National Bank; nor that it was induced to give credit or change its position in any way, by any action taken by said bank. The Penn Bank never resumed business, and on May 28th made an assignment to Henry Warner, who some time afterward notified the Farmers' Deposit National Bank that he held it responsible for the amount of the check.

The Clearing House Association is not responsible for anything except the proper distribution of the money paid to settle balances, its purpose being to provide a convenient place where checks may be presented and balances adjusted. Its rules provide: "Errors in exchanges shall be

adjusted by the banks, and checks not good shall be returned to the banks depositing them, according to the regulations now in force, viz., before one o'clock, P. M. The association not to be responsible in any case."

The course of business in the clearing house, as I gather it from the uncontradicted evidence, is as follows: The association is composed of nineteen different banks. At half-past nine each morning, each bank sends a clerk and a messenger to the clearing house with all the checks received by it on the previous day on the other banks; the checks on each particular bank being placed in a separate envelope. The checks are then examined and a balance struck. If a bank is a debtor bank, it is required to pay the amount of its indebtedness to the clearing house before 11:30 of the same day in money.

If a creditor, the bank receives its balance from the clearing house from half-past eleven to twelve o'clock. When the checks are assorted, all the checks on any one bank are placed in an envelope and handed to the clerk or messenger of that bank, with a memorandum stating whether it is a creditor or a debtor bank, and the amount of such debt or credit. If a debtor, this bank then makes up a package of money, corresponding with the amount it owes, and sends it to the clearing house before 11:30 A.M., as before stated. If a creditor, it sends to the same place before twelve o'clock and gets its money. When the checks are returned by the clearing house to the banks upon which they are respectively drawn, the latter have until one o'clock in which to correct their mistakes. If there are no funds to meet a particular check, if payment has been stopped, or if from any reason the bank declines to pay it, the rule of the clearing house above cited, and the practice under it, allows the bank until one o'clock to return it to the bank from whence it came. If not returned before that hour, the bank is fixed absolutely for the check.

There appears to be no uniform practice on the part of the banks composing the Clearing House Association as to the time of entering on their books the checks received from said association. Some defer entering them until after one o'clock, when the time for the correction of errors has passed. Others place them on file, and enter them immediately. This was done by the German National Bank, defendant, with the check in question. It was put on the file, a spear-shaped instrument, which makes a cut in the check, and was then entered in the journal, but it was not carried forward to the ledger. The officers of the bank, however, testified that this was done for the convenient transaction of its business; that to defer all such entries until after one o'clock would prevent the bank getting through its business during banking hours; that the placing it on file, and entering it on the journal, was only a conditional acceptance, subject to be revoked for cause at any time before one o'clock. As to the right of a bank to return a check before one o'clock received from the clearing house, there can be no question. The evidence upon this point was overwhelming, and, I believe, uncontradicted.

Under these circumstances, what are the legal rights of the parties to this suit? As before observed, the Farmers' Deposit National Bank, plaintiffs below, had no interest in this check. It was merely the agent for collection of the Penn Bank. When the check was returned to it from the defendant bank, and notified that payment had been stopped, it received said check, and gave that bank a teller's check for the amount. It gave the latter check for the reason, I presume, that it had received a credit therefor that morning at the clearing house. It then

charged the check in question back to the Penn Bank, and sent the check itself to that bank. The surrender of the check was voluntary, and there is no evidence that it was procured by any fraud or misrepresentation on the part of the German National Bank. Under these circumstances, I am unable to see what claim the plaintiff bank had upon the latter. It has no interest in the check or the money which it represents. It is not a dollar out of pocket, and a recovery of this suit would add \$20,000 to its assets, for which it paid nothing, unless, as I assume to be the case, this suit is for the benefit of the Penn Bank. This would enable the latter to do indirectly what it could not do directly, viz., to avoid a contest with the drawer of the check, and recover, or at least attempt to recover, from the drawee. It is the voice of Jacob, but it is the hand of Esau.

As I understand the case, there are but two principles involved, viz., (a) had the Germania Savings Bank the right to stop payment on the check, and (b) if so, was the right exercised in time, that is to say, before actual payment? All other material questions in the case are but subdivisions of these.

I presume no one at this day questions the right of the drawer of a check to stop the payment thereof. This is usually done by notice to the bank upon which the check is drawn. If the bank pays after such notice it does so at its peril. The holder of a check has no remedy against a bank upon which a check is drawn for its refusal to pay it. He must look to the drawer. The right to stop payment ceases, of course, with actual payment.

The case then narrows itself down to the single point: Was the check paid when notice was given the German National Bank not to pay it? The plaintiff contends that it was, and points to the "cut" on the check and the entry in the journal of the German National Bank as evidence of that fact. We may say just here that a vast amount of time was wasted on the trial in the court below over the meaning of the words "cut guaranteed." They are of little importance in our view of the case. This is not a suit upon the guaranty, and its meaning is only indirectly involved. The existence of the "cut" was a circumstance that had some bearing, as it showed, in connection with other testimony, that the check had been on a file where paid checks are usually placed. But there is no magic in a file cut, or in an entry in a journal. Both required explanation, and that was fully given.

The "cut" and the entry on the journal, if the uncontradicted evidence is to be believed, were made for the convenience of the defendant bank. Together, they, perhaps, constituted a conditional acceptance of the check, subject to the right of the bank, under the rules of the clearing house, to revoke it and return the check before one o'clock. It cannot be seriously questioned that had the defendant bank pigeon-holed the check instead of placing it on file, it would have had the right to return it before one o'clock. And can it make any difference that, for its own convenience, and to expedite business, it entered the checks from the clearing house as soon as received? It had until one o'clock to correct any errors, and I am unable to see upon what principle or what reason the plaintiff bank could have refused to have received the check, with the "cut guaranteed," when offered at any time before that hour.

It may be that, had the check been passed over the counter, or received by the defendant bank outside of the clearing house, the rulings of the court below would have been adequate. But we do not think sufficient weight was given to the regulations of the clearing house. As between

it and its associated banks, its rules have the force of law. It is a law to them because they have made it so. One plain object of the rule in question was to give the banks until one o'clock to correct any mistakes, and return checks that for any reason they decline to pay. The clearing house could not exist for a week without some such regulation. And in the face of this rule, the placing of a check on file, and even entering it on the journal, is not, *per se*, payment. It becomes so after one o'clock if the check is not returned to the bank depositing it before that hour. This is the plain construction of the rule, and the court below would have been justified in nonsuiting the plaintiff at the close of its case.

There are nineteen assignments of error. I have preferred to discuss the principles involved instead of taking up the assignments *seriatim*. All of them are sustained except the fourth, fifth, and sixth.

Judgment reversed.

LIABILITY FOR INCREASE OF BANK STOCK.

UNITED STATES CIRCUIT COURT, MASS.

Butler, Receiver, v. Aspinwall.

Defendant subscribed for new stock in the reorganization of a bank, and received a certificate on the basis of a total subscription of \$500,000. The actual increase was \$461,300. He protested against the same, and refused to vote on the stock, but retained his certificate until the bank went into the hands of a receiver, several months later. *Held*, that he was liable to the receiver on his subscription, and it was too late to claim that the increase as to him was invalid.

COLT, J. This is an action at law heard by the court, jury trial having been waived. It is one of the numerous suits brought by the receiver of the Pacific National Bank against the stockholders, under section 5,151, Rev. St. The facts in this case differ somewhat from those before the court in *Delano v. Butler*, 118 U. S. 634, 7 Sup. Ct. Rep., 39, and therefore the defendant contends that the reasoning of the court in that case is inapplicable here. The main ground on which the court placed its decision in the *Delano* case was that the subsequent conduct of the stockholder, especially in the payment of the assessment of 100 per cent. on the old as well as the new stock, for the purpose of allowing the bank to resume business, amounted to a ratification of the validity of the new stock. In the present case, the defendant subscribed for the new stock on the proposed increase of \$500,000, and received his certificate; but at the subsequent meeting of the stockholders in January, 1881, when he is quite positive, but not certain, he learned for the first time that the actual increase of stock was \$461,300, instead of \$500,000, he protested by himself, or through counsel, against the validity of the new stock. Upon the old stock, which he held as guardian or trustee, he voted against the assessment; upon the new stock, which was subscribed for in his own name, he refused to vote at all. His position, therefore, is that he subscribed to a proposed increase of stock which was never carried out, and that he has never, by implication or waiver, consented to the increase as finally approved. While the Supreme Court in *Delano v. Butler* decide the case on the ground of the subsequent conduct of the stockholder, amounting to a ratification of the act of the association and the Comptroller of the Currency in fixing the amount of the increase stock at a less sum, yet the court also say: "It will be observed that, without waiting to see what the future action of the association and the Comptroller of the Currency might be

on the question of the ultimate amount of the increased stock, the plaintiff in error paid for his shares, and accepted his certificate. This he did, in legal contemplation, with knowledge of the law, which authorized the association and the Comptroller of the Currency to reduce the amount of the proposed increase to a less sum than that fixed in the original proposal of the directors; and such payment, and acceptance of certificates in accordance therewith, might amount, under such circumstances, on his part, to a waiver of the right to insist that he should not be bound unless the whole amount of the proposed increase should be subscribed for and paid in."

In the present case, I am of opinion that the acceptance of his certificate by the defendant, and the retention of the same during the period of reorganization, and until after the bank finally passed into the hands of a receiver in May, 1881, several months after all the facts were within his knowledge, amounted to a ratification on his part of the act of the association and the Comptroller of the Currency as to the increase of stock, and that he cannot now come forward and assert that, as to him, the increase as finally made is invalid. In the case of *Eaton v. Bank*, 144 Mass. 260, 10 N. E. Rep., 844, the facts were different, for in that case the plaintiff refused to accept her certificate of stock, and demanded back her money. Judgment should be entered for the plaintiff, and it is so ordered. Judgment for plaintiff.

HISTORY AND OPERATIONS OF SAVINGS BANKS.

The greater part of the following address, by Mr. E. A. Stone, of the Franklin Savings Bank, of Boston, was delivered before the Young Men's Christian Union of that city, and was reported substantially as here republished from the *Boston Journal*.

No sooner had the earning capacity of money come to be recognized than benevolent people began to devise means to enable the laboring class to fortify themselves against want in times of adversity, and compel their savings to share their daily labor and lighten the burden of earning their daily bread.

"The first banks were those of Hamburg, founded in 1778, and Berne, in 1787, restricted by their charters to mechanics and servants. In 1799, Rev. Joseph Smith, of Wendover, offered to receive from any one of his parishioners any sum from two pence upward, every Sunday evening during the summer months, and repay the same at Christmas, with an addition of one-third of the sum as a bounty for their providence. If withdrawn before Christmas nothing was paid."

In 1798 Mrs. Priscilla Wakefield inaugurated a scheme for the deposit of moneys by women and children only, to whom pensions were to be granted when they reached a certain age. A similar undertaking was organized at Bath in 1808 by Lady Isabella Douglas, for the benefit of domestic servants only. These measures were merely of local effect.

More practical efforts were started in 1808 by Henry Duncan in Scotland, which met with decisive success. Indeed, Mr. Duncan has been called the father of savings banks, he being the first person to originate a plan having the elements of permanence.

In 1803 Mr. Mathus wrote in his essay on "Population:"

"To facilitate the saving of sums of money, and to encourage their earnings with a view to a provision for marriage, it would be extremely useful to have county banks, where the smallest sums might be received

and a fair interest granted for them. At present the few laborers who have but little money are often greatly at a loss to know what to do with it, and under the circumstances we cannot be surprised that it should sometimes be ill employed and last but a short time."

The *Edinburg Review* a few years later says: "It is difficult to estimate too highly the importance of the tendency of the people to save their earnings. It is a matter of deep interest to the State; for a man who has invested a portion of his earnings in securities for the permanence and safety of which the peace and good order of society are essential, must be a tranquil and conservative citizen."

Of this spirit the savings bank was born. In our own time, in some of the schools abroad, the school boards, being convinced of the favorable influence that saving has upon the moral and material well-being of the working classes, believe that the best means of causing the spirit of economy to penetrate their habits is to teach the children under tuition and make them practice it.

These various voluntary associations continued till 1817, when two acts designated to encourage, protect and regulate these institutions were passed by Parliament. Various modifications of these acts have been made from time to time till 1863, when an entire revision and consolidation of the laws was made. The earlier banks in Great Britain were termed "Trustee Banks." These trustees are merely temporary holders of the funds, which are turned over to the commissioners for the reduction of the public debt, and by them deposited in the Bank of England and subsequently invested in 3 per cent. annuities. The local management of the banks is carried on by these trustees, who also regulate the rates of interest.

In 1861 a new system was started in England, termed "Post Office Savings Banks." Certain post offices throughout the United Kingdom receive not less than one shilling or multiples thereof, which are transferred to the central office in London, the Government guaranteeing 2½ per cent. interest. There are 7,500 of these post office banks in Great Britain, carried on in connection with the money-order department.

Various auxiliary banks, such as "Military Banks," "Savings Banks for Seamen and Others," have also been established to meet the needs of special classes. Mention should also be made of the School Savings Banks, which are very common in France.

One of the best rules of the English system is the limitation of deposits. The rule in England is that not over £30 shall be deposited in each year, or more than £150 in the aggregate. Accumulations of interest are allowed up to £200. Frequent attempts have been made to increase the limit, but without success. In this connection it may be said that no person can have more than one bank book, the depositor being obliged to make a declaration that he has no account in any other bank. This method was even carried so far that there were forfeitures in case of false statements under earlier statutes. These laws have to some extent been modified. The stringency of these methods has served to keep out the objectionable class of depositors.

The latest statistics at our command show that Great Britain has of deposits in her various banks about £100,000,000; add, also, those of her thirteen Australian Colonies, £10,300,000; Dominion of Canada, £2,700,000; total, £113,000,000. Nearly every other country in Europe has adopted systems peculiar to its own needs; among the largest are those of France, having £80,000,000; Prussia, £50,000,000; Italy, £50,000,000; Russia, £70,000,000; Austria, £30,000,000; all other about £110,000,000; making a total in European banks of £503,000,000.

BANKS IN THE UNITED STATES.

The larger number of the banks in this country are mutual institutions, but few stock banks being in existence at the present time, and, unlike those of Europe, are free from Government control. The first savings bank to be incorporated was the Provident Institution of Boston, whose charter dates back to December 3, 1816, reference to which is made below.

In New York State the first attempt to organize a bank was made in 1816. On November 29 of that year a meeting was held in the city of New York, an organization effected, and the Legislature subsequently asked for a charter. The enterprise was distrusted and the grant refused. A meeting was held in the New York Hospital December 17, 1817, which

"Resolved, That the citizens present, with those who may hereafter unite in the measure, be constituted 'A Society for the Prevention of Pauperism.'" The result of this effort was the formation of the "Bank for Savings in the City of New York," chartered March 26, 1819, which has now over \$51,000,000 of assets.

"From this beginning what great results were to flow, and who shall undertake to measure the good wrought by savings banks since their establishment in this State, just sixty-nine years ago?"

"Who will undertake to state how much impoverishment has been prevented, and how much comfort has been realized by this system of depositing the savings of labor in approved savings institutions?"

It will be noticed that the same spirit which actuated the people abroad was prevalent here also, the various founders of these institutions being desirous of improving the condition of the poor, and to "inculcate habits of sobriety, frugality and industry."

The banks in this country are largely confined to thirteen States. No official statistics are to be had of the remaining States and territories. As near as can be ascertained, there are 664 banks in all, having an aggregate capital of about \$1,400,000,000—\$131,000,000 being surplus and undivided profits, and the balance, \$1,269,000,000, is due 3,517,879 depositors. The following is a complete list of the banks in this country:

State.	Deposits.	Depositors.	Average of deposits.	Population.	Average deposits per capita.
New York.....	\$505,017,751	1,325,062	\$381.12	5,082,871	\$99.35
Massachusetts.....	302,948,624	944,778	320.63	1,942,141	155.96
Connecticut.....	97,424,820	266,888	365.04	622,700	156.45
California.....	70,077,899	90,245	776.52	864,694	81.04
Rhode Island.....	53,284,821	119,159	447.18	276,531	196.30
New Hampshire.....	50,822,762	132,714	382.94	346,991	146.46
Pennsylvania.....	42,219,099	156,722	269.39	4,282,891	98.53
Maine.....	37,215,071	114,691	324.47	648,936	57.34
New Jersey.....	27,482,135	98,137	280.04	1,131,116	24.28
Maryland.....	19,020,962	59,565	319.33	934,943	20.34
Vermont.....	15,587,050	53,810	289.67	332,286	46.90
Ohio.....	15,065,659	41,059	366.93	3,098,062	4.86
Illinois.....	14,061,258	28,638	501.51	3,077,871	4.56
Iowa.....	9,969,019	39,638	251.50	1,624,615	6.13
Minnesota.....	3,402,950	15,474	219.91	780,773	4.36
Delaware.....	2,771,392	12,744	217.46	146,608	1.89
Indiana.....	2,312,013	9,933	232.75	1,978,301	1.16
District of Columbia.....	834,524	8,245	101.22	177,624	4.69
North Carolina.....	11,037	377	30.00	1,399,750	.79
Totals.....	\$1,269,528,846	3,517,879	.....	28,749,704	.....

It will be noticed that the amount held by the banks in this country would be more than sufficient to pay the entire interest-bearing national debt, and it represents a sum per capita of our whole population of \$20.81, estimating the same at about 61,000,000.

The States of New York and Massachusetts have five-eighths of this immense sum in their respective banks, but in proportion to population, Massachusetts leads, having \$155.96 per capita against \$99.35 in New York.

The Empire State has 122 banks, deposits of \$505,017,751, and 1,325,062 depositors. Of this great sum New York city banks have over \$269,000,000, the largest bank being the Bowery, incorporated in 1834, having \$44,489,937.63 in deposits, and \$106,159 open accounts. We believe the "Bowery" to be the largest savings bank in this country, and have seen no statistics of any institution in Europe which equal it. Its last statement shows a surplus of \$3,462,518.32, reckoning its securities at their par value. Its largest investment being in Government bonds, of which it has \$22,000,000.

The following table shows the progress of the New York Banks during every five years since 1827.

<i>Year.</i>	<i>Amount of Deposits.</i>	<i>Number of Open Accounts.</i>	<i>Average of Each Deposit.</i>
1827	\$2,016,144	13,070	\$154.24
1832	3,231,211	23,082	139.98
1837	3,877,934	27,701	139.99
1842	5,834,176	41,234	141.48
1847	13,505,142	77,446	175.14
1852	27,541,923	135,009	204.00
1857	41,422,672	203,804	203.24
1862	76,538,183	347,184	220.32
1867	131,769,074	488,501	270.10
1872	267,905,826	776,700	344.92
1877	316,677,285	849,639	370.40
1882	387,832,293	1,036,106	374.32
1887	482,486,730	1,264,535	381.55
1888	505,017,751	1,325,062	381.12

The only Southern State included in the above list is North Carolina. A recent effort has been made to organize banks in Georgia, which all hope may prove successful. There is also a wide and inviting field in the Western and Pacific States. With the marvelous growth of these great empires, we doubt not there will arise a demand for banks, and that in a brief period their deposits will exceed the proportions of the present banks, which are so largely confined to the New England and Middle States.

It is surprising that Pennsylvania, with its 4,000,000 people, has but \$42,000,000 on deposit. Iowa and Ohio have but \$15,000,000 each, their population together being about 6,000,000; while Indiana, having about the same population as Massachusetts, has only \$2,300,000. In the States referred to there was an aggregate population at the last census of about 29,000,000. Over 21,000,000 people are, therefore, not represented.

MASSACHUSETTS.

There is an old saying which has passed into a proverb, that "Massachusetts never follows, but always leads the way." And it appears that the pioneer savings bank, not only in this country, but in the world, is the "Provident Institution" of Boston. There were voluntary asso-

ciations previous to 1800; but the Provident was the first chartered bank, being incorporated December 3, 1816. Boston at that time had but 40,000 inhabitants.

This bank began business in Scollay square, the late James Savage, whose bust adorns the present banking rooms in Temple place, being its first president. It was he who made the first deposit of ten dollars. The founders of this institution were Boston's first citizens, and it has always had a high reputation, its present officers being men of sterling character and large business experience. It has been successful from its commencement. During its long existence it has endured without wavering all the trials occasioned by the various periodical depressions of business, maintaining a strong, conservative and independent position, which still characterizes its present management. It has recently paid its one hundred and forty-second semi-annual dividend, has \$26,-897,853.50 of deposits, and 72,955 open accounts.

The following table shows the progress of Massachusetts Banks since 1837, on each successive five years.

<i>Year.</i>	<i>Amount of Deposits.</i>	<i>Number of Open Accounts.</i>	<i>Average of Each Deposit.</i>
1837	\$4,781,426	32,564	\$146.51
1842	6,900,451	42,587	162.01
1847	11,780,813	68,312	172.45
1852	18,401,308	97,353	189.01
1857	33,015,757	177,375	186.13
1862	50,883,828	272,219	202.50
1867	80,431,583	348,593	230.73
1872	184,797,313	630,246	293.21
1877	244,596,614	739,757	330.64
1882	241,311,362	772,518	312.37
1887	302,948,624	944,778	320.66

BOSTON BANKS.

A complete list of our city banks is as follows, as per reports to October 31, 1887:

<i>Incorporated.</i>	<i>Name.</i>	<i>Deposits.</i>	<i>Depositors.</i>	<i>Average of Deposits.</i>
1816..	Provident Institution for Savings.....	\$26,897,853.50	72,955	\$368.68
1833..	Suffolk Savings Bank.....	20,045,975.28	49,292	406.67
1854..	Boston Five Cent Savings Bank.....	14,160,807.01	98,250	143.11
1829..	Warren Institution, Charlestown.....	5,958,070.31	15,407	390.71
1861..	Franklin Savings Bank.....	5,092,281.92	11,285	451.24
1825..	Institution for Savings, Roxbury.....	4,017,894.25	11,060	363.28
1854..	Charlestown Five Cent Savings Bank....	3,414,529.89	9,223	370.20
1865..	Union Institution for Savings.....	3,167,840.51	7,765	407.83
1869..	Home Savings Bank.....	2,549,786.52	14,518	175.63
1864..	Eliot Five Cent Savings Bank.....	2,058,967.36	7,382	278.90
1863..	South Boston Savings Bank.....	1,914,590.11	11,331	168.09
1848..	East Boston Savings Bank.....	1,847,359.23	6,357	290.10
1864..	Boston Penny Savings Bank.....	1,043,450.46	6,402	162.95
1870..	North End Savings Bank.....	610,169.84	2,247	271.50
1861..	Brighton Five Cent Savings Bank.....	252,740.38	1,177	214.73
	Total.....	\$92,832,316.57	324,651	

By the above statement it appears that 32½ per cent. of the entire deposits in Massachusetts are held by Boston banks.

The second savings bank incorporated in this State was the Salem Savings Bank, in 1818. The spirit of thrift has been a common one in this Commonwealth. The total number of banks at present is 173, or one to every other town or city. Thirty of the above have been chartered over half a century, the largest banks being in the centers of population, or in manufacturing cities, such as Fall River, Lawrence and others.

From the report for the year ending October 31, 1887, it appears that there are 944,778 depositors, having deposits of \$302,948,624, an average to each of \$320.63, the principal investments and loans being on

Mortgages of real estate.....	\$119,792,832.88
Personal securities.....	78,518,759.34
Public funds.....	41,207,316.92
Bank stock.....	28,282,013.17
Railroad bonds and notes.....	24,436,901.79
Counties, cities, towns, etc.....	9,741,579.34
Cash on hand.....	8,329,697.04

Thirty-eight per cent. of the loans on real estate held by the banks are in average sums of \$1,062, there being 43,794 of these small loans, the aggregate amount of which is \$46,528,481.

SURPLUS.

The question of a surplus to meet losses and depreciation has attracted attention in nearly all the States. In Massachusetts, previous to 1876, it was a custom to divide the surplus earnings by extra dividends every third year. In accordance with section 24 of chapter 116 of the Public Statutes, the banks have accumulated \$8,631,746.58 as a guaranty fund.) Under said chapter at least one-fourth and not more than one-half per cent. must be reserved each year from the earnings until the guaranty fund reaches 5 per cent. of the total deposits, the amount now in hand being about 2 8-10 per cent. In addition to the above fund, the banks have \$5,502,170.59 of undivided profits, the greater part of which is now subject to division under section 27 of the aforesaid chapter. We cannot forbear to renew our opinion, expressed four years ago, that extra dividends should be abolished until the maximum amount for the guaranty fund is reserved.

Our banks will not compare favorably in this respect with those of New York State. The banks in this commonwealth have been eleven years in accumulating a little over 3 per cent., while the New York banks in the same period have reserved over 7 per cent., New York banks having at the present time a total surplus of 14½ per cent., amounting to \$85,249,647.

It may be also said in this connection that the line of investments allowed under New York laws is more narrow and conservative than in Massachusetts. True it is that the earnings have been less, which is all the more creditable, for it is a law which admits of no variation, that the ratio of risk is increased in proportion as the rate of interest advances (we speak, of course, of long investments), and the New York officials have very wisely reserved large sums each year.

The system in this State might be greatly improved. The banks have, indeed, paid too much interest. The rates paid for twenty years have been 4.8 per cent., and the writer has seen an account in a leading bank which has averaged 5 per cent. for sixty years. It has always been customary to judge national banks and other corporations in a large measure by their profit and loss account.

Recognizing the large amount of deposits and the necessary risk which must result from their investment, it would certainly seem more prudent to make a larger increase in the guaranty fund, even if the dividends are reduced a little. For "security" is the corner-stone upon which the whole structure is erected. The fault is with the law, not the banks.

TAXATION.

The subject of taxation in Massachusetts is one of constant agitation. The amount paid into the State treasury last year was nearly \$1,200,000. Zealous advocates of an increase in the rate maintain that a large portion of the deposits are controlled by capitalists who should bear their burden of taxation. Investigation shows that these large depositors are merely occasional, "and that comparatively few wealthy people are using the banks as a means of investment." It is well to bear in mind the average to each individual, which is only \$320.63. "If the tax is increased the dividends will be reduced and the withdrawal of deposits for other investments would be increased, and the deposits would go where they would pay no tax at all."

Since 1862 the Massachusetts banks have paid over twenty-six millions of dollars as taxes—and yet there is dissatisfaction, a very recent attempt having been made to increase the rate. It has been demonstrated, again and again, that the proportionate rate paid by the savings banks in this State is even greater than that paid by individuals.

Just here it may be proper to quote from the remarks of the Hon. Willis S. Paine, Superintendent of the Banking Department of New York State, touching this subject. It should be stated, however, that Mr. Paine's words have found no echo in Massachusetts; they are presented to show our readers how entirely opposite have been the sentiments of the legislators in these two commonwealths.

Mr. Paine says: "The exemption from taxation would seem to be amply justified, from the fact that these institutions have proved great educators, and while the State exempts from taxation school property, both real and endowment, it would seem that both public economy and public morality just as imperatively demand that the means by which our citizens are taught to acquire habits of economy, thrift, and enterprise should also be relieved from the burden of taxation; a tax would tend to reduce the surplus, lessen dividends, discourage deposits, and impair the usefulness of the institutions, thus injuring the public far beyond the measure of the tax received.

"No small element of the strength of the commonwealth is to be found in the institutions for savings which guard the accumulations of the people with a fidelity worthy of all praise, and which add luster among many features of her social and political economy to the fair name of the State."

PROGRESS DURING LAST TWENTY-ONE YEARS.

In this connection it may be well to give the result of the last twenty-one years of the deposits and withdrawals, which would seem to definitely settle the problem of large deposits. The statistics are compiled from the official reports of the Savings Bank Commissioners.

The total deposits from October 31, 1867, to October 31, 1887, \$13,346,958, an average of \$69.01 for each deposit, viz., for twenty-one years, were \$931,125,452; total payments for same period, \$8,898,404, being an average of \$98.99 for each withdrawal, or \$884,553,199; net gain excluding dividends, in twenty-one years, of \$46,572,253; add dividends declared, being an average of 4.80 per cent. per year, \$188,644,107; add

balance of deposits October 31, 1866, \$67,732,264; balance of deposits, October 31, 1887, \$302,948,624. The largest average deposits were in 1870, being \$94.41. The largest average withdrawals in 1878, being \$115.65. This statement would seem to prove the truth of what the commissioners say in this year's report, viz.: "that the increase in deposits is largely due to accumulations."

Considering the magnitude of these statistics, the responsibility devolving upon the officers of the banks for the safe investment of the deposits becomes apparent. The trust assumed is an important constantly demanding, as it does, the best judgment and discretion. The commissioners, in their report for the year 1877, referring to this subject, say: "The commonwealth owes a debt of gratitude to the managers of savings banks, to whose faithful services and established characters is to be ascribed, more than to any other cause, their high standing and success."

INVESTMENTS.

The range of investments on the whole is as wide as conservative judgment will admit. Frequent attempts are made to broaden the field, which is wisely unheeded. It may not be improper to refer to one important item, the personal security loan, in reference to which the commissioners, in this year's report, say:

"This class of investments, which was looked upon in its incipency as exceptional, has become one of the leading ones, attractive and growing permanently. It commands and produces a high rate of interest, which fact indicates greater risk and properly suggests conservative management. It lies closer to the financial interests, which are affected by more risk and disaster than any other class of savings banks investments. It has been the purpose of legislation to keep savings banks as free as possible from exposure and injury arising from commercial disturbances, and in our opinion wisely so, and should be so continued. It is our opinion that the provision of the law as to investments in personal securities is as liberal as sound policy would approve or allow."

SEVENTY YEARS PROGRESS.

The total amount received by the savings banks in Massachusetts since their inception in 1816, has been estimated at twelve hundred and seventy-five millions of dollars. The loss by failure and otherwise during this period has been about 3-20 of 1 per cent. of the entire deposits. In other words, the average loss on each thousand dollars per year for seventy years has been about fifteen cents. But a small portion of this loss can be attributed to the dishonesty of the bank officers having the immediate charge of the property.

From this showing we may conclude that the system in this State is as nearly safe as any financial system within the range of monetary experience. That there has been no serious departure from the original plan for which these institutions were organized, and that they are in the strictest sense benevolent and philanthropic in their nature and entirely mutual in character. Whether this extraordinary record, which cannot but challenge the admiration of every one, can be continued is an open question. It can be equaled only by the untiring efforts of those to whose care these important trusts are committed by constant exercise of rare judgment, and by the entire elimination of every investment having the least semblance of doubtful character.

BANK BILLS.

PENALTY FOR RECEIVING DEPOSITS BY INSOLVENT BANK.

SEC. 1. That the president, vice-president, cashier, or teller of any bank organized and established under and by virtue of any law or laws of the United States, which is also a bank of deposit, is hereby required to pay depositors in any such bank any sum or sums of money deposited therein on demand, unless an agreement between such bank and such depositor or depositors exists to the contrary in writing.

SEC. 2. That in case any such president, vice-president, cashier or teller of such bank shall refuse or neglect to pay such depositor or depositors, upon personal demand, any sum or sums of money so as aforesaid deposited and payable on demand, and shall so neglect or refuse for twenty-four hours next after such personal demand, such president, vice-president, cashier or teller of such bank shall be deemed guilty of obtaining money under false pretenses, and, upon conviction, shall be punished by imprisonment at hard labor for not less than one nor more than eight years.

SEC. 3. That no such president, vice-president, cashier or teller of such bank shall be convicted under the provisions of this act unless it shall be made to appear upon the trial that at the time of such deposit or deposits such bank was insolvent: *Provided, however,* That in case the president, vice-president, cashier or teller of such bank shall destroy, secrete, or refuse to produce to the prosecution, upon written demand duly served, any memorandum book, ledger, paper, or other records of the business of such bank, to be used upon such trial, such act or acts upon the part of such president, vice-president, cashier or teller shall be taken, deemed, and held as conclusive evidence that such bank, at the time of such deposit or deposits, was insolvent.

SEC. 4. That this act shall not apply in any case to deposits made with such bank where the depositor or depositors stipulate in writing with such bank to leave the same in its keeping, and not subject to be paid on demand.

SEC. 5. That this act shall not be so construed as to require such bank to keep and have on hand a reserve in lawful money sufficient in amount to pay such depositor or depositors the respective amount or amounts so demanded. *Introduced by Hon. Robert M. La Follette, Wisconsin.*

TO PREVENT CONTRACTION.

That within thirty days after the redemption by the United States of the circulating notes of any national banking association organized under the provisions of title 62, national banks, Revised Statutes, or acts amendatory thereof, the Secretary of the Treasury shall issue United States notes, as designated by section 3,571, Revised Statutes, of the same denominations and amount of said redeemed circulating notes; and in each case such issue of United States notes shall be additional to the total amount of United States notes then in the Treasury and outstanding. *Introduced by Hon. John A. Anderson, Kansas.*

TO PROHIBIT SPECULATION BY BANK OFFICERS.

That it shall be unlawful for the president, cashier, teller, or other chief executive officer of any national banking association having capital stock to the amount of \$200,000 or more, to deal, trade, or otherwise

engage in speculation in stocks, bonds, or other securities, or in grain, provisions, produce, or oil, on margins, on his own individual account or for his own personal profit, either directly or indirectly, or to have any partnership or other financial interest in the operations of any private banking or brokerage firm or business. Any such officer who violates the provisions of this act, or any person who aids or abets such officer in violating the provisions of this act, shall be deemed guilty of a misdemeanor, and shall be imprisoned not less than one nor more than five years, or fined not more than \$10,000. *Introduced by Hon. Louis E. McComas, Maryland.*

SPECIE CERTIFICATES.

SEC. 1. That the Secretary of the Treasury is hereby authorized and directed to prepare and issue specie certificates of suitable form, representing gold and silver, and redeemable half in gold coin of the United States and half at the option of any holder of said certificates, with either standard silver dollars or with silver bullion of standard fineness, the bullion to be such an amount in weight as to be equal in value to the gold half. The value of the bullion held for the redemption of said certificates in the proportion designated shall be fixed by the Secretary of the Treasury from time to time as may be necessary, he to take as his guide the bullion values of the market in New York city.

SEC. 2. That the Secretary of the Treasury shall purchase not less than \$8,000,000 worth of silver bullion per month, and as much more per month as he may deem proper, beginning within one month after this bill shall become a law, in such way as he may consider most desirable, and have the same prepared, as fast as possible, in ingots of desirable form and weight for the redemption, as herein provided, of said certificates; and he shall continue these purchases of silver bullion until they aggregate \$100,000,000.

SEC. 3. That said certificates shall be prepared and issued as early and rapidly as they can be; but shall not exceed in amount per month twice the amount of the monthly purchases of bullion as aforesaid; and the aggregate amount of said certificates is hereby limited to \$200,000,000, and the denominations of said certificates shall be five, ten, twenty, fifty, and one hundred dollars, respectively, \$40,000,000 of each of said denominations.

SEC. 4. That the Secretary of the Treasury shall, from time to time, set aside from the gold coin in the Treasury of the United States an amount equal to half the amount of said certificates issued monthly; and said silver bullion and said gold coin so set aside shall be held for the redemption of said certificate; and this combined fund of gold coin and silver bullion shall at all times be kept by the Secretary of the Treasury equal to the amount of said certificates outstanding.

SEC. 5. That if any holder of said certificates should prefer and wish to receive standard silver dollars instead of said silver bullion for half the amount of certificates presented by him for redemption, they shall be paid to him from any standard silver dollars in the general treasury funds of the United States; and then there shall be coined from said silver bullion held as part of the redemption fund an amount sufficient to produce standard silver dollars equal in number to those paid out in redeeming said certificates, and the silver dollars so coined shall be placed in the said general treasury funds instead of those withdrawn as aforesaid.

SEC. 6. That said specie certificates shall be paid out on any obligations of the United States, and shall be full legal tender for all indebt-

edness, public and private, the same as United States gold coin. They may constitute any part of the reserves of national banks, and when received in the United States Treasury by redemption or other means shall not be canceled, but shall be reissued or disbursed.

SEC. 7. That there is hereby appropriated from the United States Treasury such sums of money as may be necessary to meet all proper expenditures under this act. *Introduced by Hon. Beriah Wilkins, Ohio.*

NATURE OF REDEMPTION FUND.

That the fund now held in gold coin or gold bullion in the Treasury of the United States for the redemption of United States Treasury notes shall hereafter be composed half of gold and half of silver, namely, one-half to be fifty million dollars in gold coin or gold bullion, and one-half in silver bullion of standard fineness equal in value to the gold half. The number of pennyweights of the silver bullion that shall be equal to one dollar in gold coin shall be fixed by the Secretary of the Treasury from time to time, as may be necessary, he taking as his guide the bullion values of the market in New York City.

SEC. 2. That the Secretary of the Treasury is hereby authorized and directed to purchase five million dollars' worth of silver bullion per month, and as much more per month as to him may seem desirable, and in such way as he may deem best, and have the same prepared in ingots of suitable form and weight, said silver to be of standard fineness as aforesaid, paying for said silver bullion with gold coin from said redemption fund. Said silver bullion shall be substituted in said redemption fund for the gold coin withdrawn therefrom, and the purchases of silver bullion shall continue until the gold coin and gold bullion in said redemption fund shall be reduced to fifty million dollars.

SEC. 3. That any holder of United States notes, demanding redemption of them, shall present them in an amount of one hundred dollars, or any multiple of said sum, and he shall be paid half in gold coin, and half, at his option, with either said silver bullion, fixed in value by the Secretary of the Treasury as aforesaid, or with standard silver dollars. And if any such holder should prefer payment of one-half as aforesaid in silver dollars, they shall be paid to him from any of said silver dollars in the General Treasury funds of the United States; and then there shall be coined from the silver bullion in said redemption fund enough bullion to produce standard silver dollars equal to the number of silver dollars so paid out, and these shall be placed in the General Treasury funds instead of those withdrawn therefrom.

SEC. 4. That there is hereby appropriated from the United States Treasury such sums of money as may be necessary to meet all incidental and proper expenditures under this act; that this act shall be enforced immediately upon its becoming a law, and that all acts or parts of acts inconsistent with this act are hereby repealed. *Introduced by Hon. S. Z. Landes, Illinois.*

SECURITY FOR DEPOSITS.

That in lieu of all existing taxes, every national banking association shall pay to the Treasurer of the United States, in the months of January and July of each year, a duty of one-half mill on the dollar upon their average monthly deposits, said fund to be kept by the Treasurer of the United States as a separate and distinct fund, to be known as the guarantee deposit fund.

SEC. 2. That in order to enable the Treasurer to assess the duties imposed by the preceding section, each association shall, within ten

days from the first days of January and July of each year, make a return, under the oath of its president or cashier, to the Treasurer of the United States in such form as the Treasurer may prescribe, of the average amount of its deposits for the six months preceding the most recent first day of January or July. Every association which fails to so make such return shall be liable to a fine of two hundred dollars, to be collected in the manner prescribed for collecting penalties of such corporations under the laws of the United States.

SEC. 3. That whenever said guarantee fund thus collected shall amount to as much as twenty millions of dollars at the end of any semi-annual period, then the semi-annual duty on deposits shall be inoperative until the fund shall be reduced below fifteen millions of dollars, as hereinafter provided.

SEC. 4. That the amount of said fund in excess of one million of dollars may, from time to time, be invested in the interest-bearing bonds of the United States, under the direction of the Secretary of the Treasury, which bonds shall be registered in the name of the Comptroller of the Currency, in trust for the guarantee deposit fund, and held by the Treasurer of the United States. The interest on said bonds, as it accrues and is paid, shall be added to the principal of said fund.

SEC. 5. That whenever any national banking association shall be placed in the hands of a receiver, under the provisions of the laws now in force, and satisfactory proofs of claims against said association have been made to the Comptroller of the Currency, wherein all cases of mutual indebtedness shall have been adjusted, upon his requisition therefor the Treasurer of the United States shall hold subject to his order such amount of the guarantee deposit fund as may be necessary to liquidate and pay in full said claims, according to the amount thereof, as of the day of failure of said national banking association, and it shall be the duty of the Comptroller of the Currency immediately to issue his checks upon said Treasurer in full settlement to and in favor of each of said claimants. In case the available cash in the Treasury belonging to such fund is not sufficient to pay in full the amount of said claims, then the Comptroller of the Currency shall transfer to the Treasurer of the United States a sufficient amount of bonds held by him in trust for said fund as hereinbefore provided, which bonds said Treasurer shall sell in open market, for the benefit of said fund.

SEC. 6. That the receiver of such banking association shall, under direction of the Comptroller of the Currency, take charge of its assets and collect the same, as is now provided by law, which amount thus collected shall be paid into the Treasury to the credit of the guarantee deposit fund, to the extent said fund may have been charged with the payment of the liabilities of said association; and nothing in this act shall be construed to relieve the shareholders of such association from any liability thereto existing by reason of the laws now in force; it being the meaning and intent of this act that all claims paid as herein provided shall be deemed to be assigned to the United States in trust for the benefit and use of said fund, and the United States shall be subrogated to all the rights and remedies of the original holders thereof.

SEC. 7. That the fund now in the Treasury available for the redemption of the circulating notes of any failed national banking association whose affairs have been finally closed, or which has been in the hands of the receiver for a period of five years, and the similar fund for the redemption of the circulating notes of any banking association which has been in voluntary liquidation for the same period, shall be paid to the credit of said guarantee deposit fund; and hereafter, after the

expiration of five years after the appointment of a receiver or the vote of its shareholders to go into voluntary liquidation of any national banking association, the fund available for the redemption of the circulating notes of such national banking association shall also be paid into the Treasury to the credit of said guarantee deposit fund, which fund shall be chargeable with the circulating notes of any such national banking association that may thereafter be presented for redemption.

SEC. 8. That the Comptroller of the Currency shall annually publish an itemized statement of the receipts and disbursements of said guarantee deposit fund, a copy of which shall be furnished to each national bank, the cost of said report to be paid for out of the guarantee deposit fund.

SEC. 9. That in case of the repeal of this act at any future time, the funds then belonging to said guarantee deposit fund shall be paid back to the national banking associations, as each one's interest therein shall appear.

SEC. 10. That sections 5,214 and 5,215 of the Revised Statutes, and all other acts or parts of acts inconsistent with the provisions of this act, are hereby repealed. *Introduced by Hon. C. N. Brumm, Pennsylvania.*

NEW BANKS IN NEW YORK CITY.

The New York *Commercial Bulletin* remarks that "the past two years have been notable ones in the banking business of this city, because of the steady increase in the number of banks and the improvement in the volume, facilities and the character of the business of those previously in existence. Nearly all conditions have favored the enlargement of the banking business throughout the country. In the West general business has ruled fair in volume in the principal sections, and considerable commercial activity has developed in some of the more remote sections of the West and the extreme Southwest and Northwest. The free construction of railroads in the Western country has largely accounted for this, and the development of the mineral and other resources of the South has done for that section what the introduction of better railroad facilities has accomplished in the West. As a result, the Treasury Department has frequently announced the incorporation of new national banks in the West and South, in such number that these alone almost equal the average of new national and State banks combined. The State banks, however, have been organized throughout the country in large numbers, so that it is claimed by some authorities that the country's banking capital and aggregate banking business have increased in larger proportion within the last two years than ever before in the same length of time. This is not only true of the country as a whole, but much the same condition of things is to be noticed in the banking business of this city, though the local record cannot be expected to show as large a per cent. of gain over previous years as that of the country at large. The influx of new population and the constant extension of the limits of the inhabited portion of the city, as well as the increased volume of business in districts which have not until recently been known as regular business localities, have called for additional banks, which have been organized to meet the demands of trade.

The organization of so large a number of country banks also influences the constant increase in the number of city banking institutions. In the down-town districts there has been a demand for increased bank-

ing facilities, which has been met by the organization of two national banks. These two are the only ones among those organized in this city which are located in what may be distinctly known as the financial section. All the others obtain most of their business from the manufacturing and purely commercial interests. Following is a statement of the new banks organized in this city since 1886, giving their name, location, capital stock and year of organization :

<i>Name.</i>	<i>Location.</i>	<i>Capital.</i>	<i>Date.</i>
Twelfth Ward Bank.....	155 East 125th street.....	\$100,000	1886
Riverside.....	Eighth avenue, corner 57th street.....	100,000	1886
Ninth Avenue.....	922 Ninth avenue.....	100,000	1887
Western National.....	Equitable Building.....	3,500,000	1887
New Amsterdam.....	Broadway, corner 40th street.....	250,000	1887
Union.....	747 Fifth avenue.....	250,000	1887
Lenox Hill.....	Third avenue, corner 72d street.....	100,000	1887
Bank of Deposit.....	Liberty, corner Nassau.....	300,000	1887
Hamilton.....	278 West 125th street.....	150,000	1887
Harlem.....	241 West 125th street.....	100,000	1887
Hudson River.....	Ninth avenue, corner 72d street.....	200,000	1887
Fourteenth Street.....	East 14th street.....	100,000	1887
Twenty-third Ward.....	Third avenue, corner Cortland.....	100,000	1887
Total new capital...	.....	\$5,350,000	....

In addition to the above there are numerous projects now on foot to establish new banks, most of which are to be situated in the upper portion of the city. The Franklin Bank, to be located in the vicinity of Franklin and Hudson streets, is the latest enterprise. It is to have a capital of \$250,000, and will probably obtain a large business, being located in the center of an important produce, grocery, dry goods and provisions district. The Western National Bank is one of the two new institutions mentioned above as being situated in the financial district. The other new bank in the vicinity of Wall street is the National Bank of Deposit, which was organized early in 1887. The business of all the other new banks can be described at once. They are patronized by up-town business interests. Until of late years up-town merchants—both wholesale and retail—and manufacturers were very generally accustomed to come down town to do their banking; but now, as they see that proper facilities are being provided for their accommodation nearer their places of business, they are gradually changing their methods. It is predicted that it will not be long before the up-town men of business will altogether discontinue the practice of making the trip from anywhere between Twenty-third street and Harlem to City Hall Park to do his day's banking."

Sterling exchange has ranged during April at from 4.85¼ @ 4.88¼ for bankers' sight, and 4.85¼ @ 4.86½ for 60 days. Paris—Francs, 5.18¼ @ 5.16¾ for sight, and 5.20¾ @ 5.18¼ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.86 @ 4.86¼; bankers' sterling, sight, 4.87½ @ 4.88. Cable transfers, 4.87¼ @ 4.88¼. Paris—Bankers', 60 days 5.19¾ @ 5.18¼; sight, 5.18¾ @ 5.17½. Antwerp—Commercial, 60 days, 5.21¾ @ 5.21¼. Reichmarks (4)—bankers', 60 days, 95½ @ 95¾; sight, 95¾ @ 95¾. Guilders—bankers', 60 days, 40½ @ 40¾; sight, 40½ @ 40½.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

CONSTRUCTION OF NOTE.

A note is as follows:

BOSTON, MASS., April 3, 1888.

Four months after date we promise to pay to the order of ourselves, one thousand dollars, at State National Bank. Value received.

JOHN DOE.

RICHARD ROE.

The note is indorsed by the makers. Is there any difference in liability of makers between a note drawn as above and one drawn either "we jointly and severally promise," or "I promise," and signed in same manner?

REPLY.—The above is a joint note, and not a joint and several one. In *Barnett v. Juday* (38 Ind., 86), the note read "Six months after date, we promise to pay to the order of George W. Juday," etc. The court remarked in this case: "It will be seen that the promissory note which is the foundation of the action was a joint note, and not several, or joint and several."

NON-NEGOTIABLE NOTE.

A. executes a promissory note, dated at H., secured by mortgage on realty, payable to B. one year after date, with 10 per cent. interest from date until paid. B. assigns to C., who carries it to a distant State, after due notice to A. of the transfer, but at maturity C. avoids the payor A., for the reason he prefers the investment to the cash. What shall A. do to stop interest?

REPLY.—If A. is ready to pay the principal and interest at the time and place appointed, the interest will cease. In the case of *Wallace v. McConnell* (13 Peters, 136), this question was fully considered. The court, speaking through Judge Thompson, said: "The place of payment in a promissory note, or in an acceptance of a bill of exchange, is always matter of arrangement between the parties for their mutual accommodation, and may be stipulated in any manner that may best suit their convenience. And when a note or bill is made payable at a bank, as is generally the case, it is well known that, according to the usual course of business, the note or bill is lodged at the bank for collection; and if the maker or acceptor calls to take it up when it falls due, it will be delivered to him, and the business is closed. But should he not find his note or bill at the bank, he can deposit his money to meet the note when presented, and should he be afterward prosecuted, he would be exonerated from all costs and damages, upon proving such tender and deposit. Or should the note or bill be made payable at some place other than a bank, and no deposit could be made, or he should choose to retain his money in his own possession, an offer to pay at the time and place would protect him against interest and costs, on bringing the money into court." (Page 150; *Walnut v. Wade*, 103 U. S. 683, page 696.)

In *Emlen v. The Lehigh Coal and Navigation Co.* (47 Pa., 76), it was held that if the loan of a corporation be payable at a fixed time and place,

the interest thereon ceases at that time, whether the bond or evidence of indebtedness be presented or not, provided the company has a sufficient fund for payment on hand. The courts, therefore, have clearly shown what A. should do in the case above mentioned. If the note be payable at a bank he should deposit the amount due, both principal and interest, and notify C. that the money is there. If the note is not payable at a bank, he should notify C. that he was ready to pay the same, and ask for directions in making payment. If C. declined to reply, we think that A.'s best course would be to deposit the money in a bank and send notice to C. that it had been thus deposited in discharge of the note, and would be sent or delivered by the bank on presentation of the note and a release of the security. As C. would then learn that he could not extend the contract by his own action, he would doubtless receive his money and close the transaction.

NATURE OF CHECK GIVEN "IN FULL PAYMENT."

The following check was given by A. & Co. to B. & Co.: "Boston, Mass., March 1, 1888. The Everett National Bank of Boston pay, to order of B. & Co., one hundred dollars. In full payment of all claims to date. A. & Company." If B. & Co. indorse this check, and have the amount passed to their credit on the books of the bank, are they cut off in law or equity from collecting a balance which they contend is due to them, and which A. & Co. dispute?

REPLY.—It is well understood that a check given in the ordinary course of business is not payment, and in the event of the maker's failure to pay, his debtor can sue thereon, or on the original claim. (*Cromwell v. Lovett*, 1 Hall, N. Y., 56.) But when the check is paid, the claim is absolutely discharged. On the other hand, a receipt for money is supposed to have a less binding force. Says Parsons (Contracts, 6th edition, vol. 2, p. 554): "A receipt for money is peculiarly open to evidence. It is only *prima facie* evidence either that the sum stated has been paid, or that any sum whatever was paid. It is, in fact, not regarded as a contract, and hardly as an instrument at all, and has but little more force than the oral admission of the party receiving."

But so far as the instrument is something more than a receipt, containing other stipulations, conditions, and agreements, it cannot be affected by extrinsic or outside evidence. If, therefore, it is stated in such an instrument that the money specified therein is paid in full, this statement cannot be attacked unless there is a mistake or surprise on the one side, or fraud on the other. The leading case in this country on the subject is *Fuller v. Crittenden* (9 Conn., 401). Judge Williams, after reviewing the English cases, says: "The true view of the subject, then, seems to be that such circumstances as would lead a court of equity to set aside a contract (such as fraud, mistake, or surprise), may be shown at law to destroy the effect of a receipt." In that case the receipt contained an item, "cost of procuring the mail contract, \$50," and also the statement, "received in full." The plaintiff offered to prove by oral testimony that the above sum of fifty dollars was not in full for all the expenses to procure the contract, but in part only; and the court said that "it was proper to admit parol testimony to show that the receipt did not include all the expenses incurred in obtain-

ing the mail contract. But," the court further remarked, "lest it might be inferred that the receipt was only evidence of the payment of so much money, the jury should have been instructed that if the plaintiff executed the receipt with a knowledge of the circumstances, and there was no mistake or surprise on his part, or fraud or imposition on the part of the defendant, he was not entitled to recover."

Such is the law with respect to a receipt containing the statement that the amount is received in full payment. Does a different principle apply to checks containing such a statement? We think not. In the former case, the creditor receives his money and gives his receipt, or release from the debt; in the other case, the debtor presents a release in the form of a check on a bank, and containing the condition on which he will pay the amount therein specified. His creditor receives the check, and in due time collects the amount. In accepting it he does so on the terms prescribed by the debtor. Afterwards he finds that he ought to have been paid more. He sues to recover the balance. If he can bring himself within the principle announced in the above case of *Fuller v. Crittenden* he can recover, otherwise he cannot. This is the way we look at the matter.

CORRESPONDENCE.

To the Editor of the BANKER'S MAGAZINE:

DEAR SIR,—The following appears in your April issue:

"INTEREST.

"Two negotiable notes, which were dated December 10, for \$500 each, and which bore six per cent. interest, were discounted by a bank. One note was payable sixty days after date, and the other two months. What amount of interest ought the bank to have demanded on each note at maturity, both notes being entitled to grace?"

I should say in answer to the question, \$5.25 on each note; but the note written "sixty days" would be due February 11th, and that written "two months" would be due February 13th; and when they were discounted, the discount on the "two months" note would be figured for *two days* more than that on the "sixty day" note, if both notes were discounted the same day. I can't see anything in the question that would lead anyone, not even "one of the best-informed bank cashiers in New York City," to decide that February 13th always comes on Saturday. Here in Boston, the question of what day of the week a note becomes due is not raised by the discounting bank.

Respectfully yours,

WILL. L. WELCH, Bookkeeper.

Massachusetts National Bank,
Boston, Mass., April 16, 1888.

[The New York Cashier of course supposed the question to apply to notes dated December 10, 1887, and payable in New York State, otherwise New York Laws would not have been quoted.—*Ed.*]

BANKING AND FINANCIAL ITEMS.

CANADA.—The amount at the credit of depositors in the Government Savings Banks on 1st March was \$20,603,175, which, added to the balance in the Post-office Savings Bank, makes a total of \$40,821,074 of the savings of the people deposited with the Dominion Government. Compared with the corresponding period of last year, this is an increase of \$1,805,476, the amount at that time being \$39,015,597.

THE FLORIDA BANKERS' ASSOCIATION.—A largely attended meeting of representative bankers of the State of Florida was recently held at Orlando, when an organization bearing the above title was organized with the following officers: President, James M. Schumacher, president of the First National Bank of Florida, Jacksonville; first vice-president, W. J. Winegar, president of the First National Bank of Palatka; second vice-president, F. P. Forster, cashier of the First National Bank of Sanford; third vice-president, T. C. Taliaferro, cashier of the First National Bank of Tampa; secretary and treasurer, H. G. Garrett, cashier of the Citizens' National Bank of Orlando; executive committee, J. L. Marvin, manager, Ambler, Marvin & Stockton, Jacksonville; E. P. Dismukes, vice-president Merchants' National Bank of Ocala; W. J. Robinson, of H. F. Dutton & Co., Gainesville. This association is similar in design and scope to others already existing in different States of the Union, and one of the features of its constitution is the appointment of a permanent committee to prevent and detect crime, and to cause the prosecution of offenders. One of the suggestions of the convention was the appointment of a traveling auditor, whose duties it shall be to regularly audit and report upon the accounts of all country auditors. The modification of the home-stead exemption clause of the constitution was recommended; also the amendment of the laws governing the assessment and collection of taxes; recommending changes in the sending and collecting of "no protest" collections and a number of other matters. The annual meeting will be held at Jacksonville on the second Wednesday in December next.

MINNESOTA.—Among the more prominent bankers who have died during the month is Louis Hospes, the president and large stockholder of the First National Bank of Stillwater. "He was born," says the *Stillwater Gazette*, "in Germany, February 8, 1809, where he attended school until sixteen years of age. He then went on an estate to make a practical study of agriculture, and three years later went to the university at Gottingen to study theoretical agriculture and veterinary science, finishing his course in 1830. In July, 1832, he embarked for America, visited the principal cities in the Eastern States, but soon decided to push on into the more rapidly growing West. Traveling accommodations were of the most rude and unsatisfactory nature, so that one entire month was occupied in making the journey to St. Louis. Mr. Hospes soon thereafter located on a farm in St. Charles county, Mo., about thirty miles from St. Louis. Eight years later he removed to Green county, where he engaged in the distilling business for six years, and while there made the acquaintance of Major Nathan, son of old Daniel Boone. In 1848 he went to St. Louis in the employ of Schulenberg & Boeckeler, a lumber firm of that city. In 1853 this firm conceived the idea of extending their business and erecting a saw-mill at Stillwater, Minnesota Territory. In 1854 Mr. Hospes was sent up here to superintend the construction of the mill—his family accompanying him. During 1870-71 he visited Europe and the home of his childhood, meeting with many of the friends of his youth after a separation of nearly thirty-eight years. In 1865 he became a stockholder in the First National Bank of this city, being chosen its president, which position he held at the time of his death."

CAPTURE OF A DEFAULTER.—The Philadelphia and Reading Railroad Company bonds its employes in the American Surety Company of New York. Among the number was Charles W. Foster, a clerk at Philadelphia, who absconded March

19, leaving a deficiency in his accounts of \$841.59. The account was stated up by the railroad company on March 29, and was on that day paid by the American Surety Company. The Surety Company at once set about effecting the capture of Foster, and secured his indictment, and on the 16th of April was able to apprehend him at Norfolk, Va. On the same date the company's inspector, Mr. William Abels, who had succeeded in locating Foster at Norfolk, proceeded to that point and brought him back to Philadelphia, where he arrived on April 17. On being arraigned Foster waived examination, and was committed in default of \$1,200 bail for trial. The following brief mention of the case is taken from the *Norfolk Evening Telegram* of Monday, April 16: "Came after his Prisoner.—Mr. William Abels, inspector of the American Surety Company, arrived here this morning for the young man Charles W. Foster, *alias* Henry F. Williams, whose arrest as an embezzler of over \$800 from the Philadelphia and Reading Railroad was noted in our last issue. Mr. Abels did not bring a requisition from the Governor of Pennsylvania, but at this writing the prisoner is willing to go back without that document, and they will, unless he changes his mind, leave for Philadelphia to-night. The company represented by Inspector Abels was, as we stated Saturday, on the bond of young Foster, and has paid the railroad company for the loss. The American Surety Company makes a business of becoming bondsmen, as its name implies."—*Philadelphia Press*.

NEW YORK.—The new building for the Chemical National Bank on Chambers street is now finished, and connection made with the Broadway banking room. This extension was required by the growing business of the bank. The directors and officers of the institution decided to have a large and strong vault, and were willing to pay for the best work. After a careful examination, the contract was awarded to Herring & Co. upon their specifications, which described material and improvements not found in others. The vault is on two floors. One is entered from the banking room and the other is in the basement under it. Each has two massive steel doors eight inches thick and weighing over ten tons each, but nicely adjusted and easily opened and closed. The structure is unsurpassed for strength and security in this city or elsewhere, and meets the most exacting requirements for absolute security against fire and burglars. Inside of the vault are twelve safes which afford additional protection and separate places for the deposit of the money and the different funds of the bank.

THE FOURTEENTH STREET BANK has just been organized, with a paid-up capital of \$100,000, which may be increased to \$500,000, and with a paid-up surplus of \$50,000. It has opened for business at No. 3 East Fourteenth street, next door to Fifth avenue, with the following officers: George F. Vail, president, formerly cashier of the Garfield National Bank; W. J. Morrell, cashier, formerly paying teller of the same bank. The following gentlemen have been elected directors: Benjamin H. Hertz, Charles I. Hudson, Remington Vernam, Morris E. Sterne, Robert J. Horner, J. Romaine Browne, Frank W. Kinsman, Jr., Daniel B. Halstead, Henry A. Hurlbut, George Le Boutillier, John D. Cutler, William Harris Roome, Frederick S. Howard, George Green and George F. Vail. A new bank is very much needed in this locality, as the only bank within a number of blocks is the Bank of the Metropolis. The president and cashier have been long and favorably known as officers of the Garfield National Bank, and it is predicted that the bank will become a very prosperous institution. The bank, together with the Central Safe Deposit Company, has leased the first floor and basement of Mr. Remington Vernam's new building on Fourteenth street, which they will occupy jointly. Mr. Vail, at the late election of the Central Safe Deposit Company, was elected president in the place of Mr. John Green, deceased, and Mr. Vernam vice-president in place of Mr. Charles Roome, resigned.

BOSTON.—Two hundred and more bank officials participated in the third annual dinner of the Boston Bank Association. President F. B. Sears was at the head of the table, and the guests were Rev. Phillips Brooks, D. D.; A. R. Turner, City Treasurer; Hon. A. W. Beard, treasurer of the Commonwealth, and Rev. E. A. Horton. The president extended to the members of the association the greetings of H. W. Pickering, president of the Old Boston National Bank, and then presented

Hon. Alanson W. Beard, State Treasurer, who was warmly received. President Sears spoke of the absence of Postmaster Corse, on account of sickness, and then presented Arthur F. Luke, cashier of the Bank of North America. Mr. Luke, an ex-president of the association, spoke of one of the greatest advantages of this association as being the opportunity afforded for enlarging one's acquaintance and cementing older friendships. Secretary E. A. Stone reported progress, and the exercises closed with the singing of a song to the tune of "Auld Lang Syne," written for the occasion by E. O. Church, of the Boylston National Bank.

MASSACHUSETTS.—The Holyoke National Bank has declared a 4 per cent. dividend, payable April 5, and has added \$7,000 to the surplus from the past six months' earnings.

CALIFORNIA.—The Fresno National Bank, Fresno, will soon open for business. J. H. Hamilton is president, and George H. Andruss is cashier. Both are highly competent officers, and we trust that the institution will be highly prosperous under their management.

BANK ACCOUNTS FOR WOMEN.—Mr. James G. Cannon has written a brochure on this subject which ought to reach every woman who keeps a bank account. The information here given can be easily understood, and will be highly appreciated by those who may be fortunate enough to possess it, whose lack of knowledge respecting many things pertaining to their banking business they much regret, yet know not how to lessen.

BOND PURCHASES.—The action taken by the Secretary of the Treasury for buying bonds is the following: "By virtue of the authority contained in section 2 of the act of March 3, 1881, notice is hereby given that on Monday, April 23, and daily thereafter, at noon, until further notice, proposals will be received in the office of the Secretary of the Treasury for the sale to the Government of United States bonds of the acts of July 14, 1870, and January 20, 1871. Proposals should state the specific character of the bonds offered, whether coupon or registered, and must be for the sale of the bonds with accrued interest to and including the day of sale. The right is reserved to reject any or all proposals for the sale of bonds if it is thought to be for the interest of the Government to do so."

THE BANK OF MONTREAL.—The Hon. J. J. C. Abbott, Mayor of Montreal and leader of the Senate, has been nominated to fill the vacancy on the board of directors of the Bank of Montreal, caused by the death of Hon. John Hamilton. Fifty shares of the bank stock were purchased this morning for Mr. Abbott, to qualify him for the position. His appointment will not be made until the expiration of thirty days, the by-laws requiring that a director must have been the owner of fifty shares for thirty days previous to his joining the board. Mr. Abbott, was also a director of the Merchants' Bank, of whose stock he holds 550 shares, representing \$55,000. In order to accept the position on the board of the Bank of Montreal, Mr. Abbott will have to resign from that of the Merchants' Bank.

GEORGE H. POTTS, who died at Somerville, N. J., on the 28th of April, was a son of Captain Hugh H. Potts, and was born in 1811, on the banks of the Delaware River, in Pennsylvania, just opposite Milford, N. J. In 1829 he went to Pottsville, Penn., and was the first man to mine coal in that region. He came to New York in 1854 and became one of the firm of Lewis Audenrich & Co., coal merchants. The partnership was dissolved in 1874, and the business is now carried on under the name of Frederick A. Potts & Co. He was for eleven years a director of the National Park Bank, and eight years its president.

BOND PURCHASE BILL.—The text of the bond purchase bill, as finally passed by the Senate, is as follows: Section 1.—That section 2 of the act making appropriations for sundry civil expenses of the Government for the year ending June 30, 1882, and for other purposes, and which is as follows: "That the Secretary of the Treasury may at any time apply the surplus money in the Treasury not otherwise appropriated, or so much thereof as he may consider proper, to the purchase or redemption of United States bonds; provided that the bonds so purchased or redeemed shall constitute no part of the sinking fund, but shall be canceled," was intended to be a permanent provision of law, and the same is hereby declared to

have been since its enactment, and to be now in full force and effect. Section 2.—That whenever the circulation or any part thereof of any national bank not in liquidation shall be surrendered by the deposit of United States notes in the Treasury or otherwise, and the same or an equivalent amount is not taken by other national banks within thirty days thereafter, the Secretary of the Treasury is hereby authorized and directed to purchase, at the market price thereof, an equivalent amount in silver bullion in excess of the minimum of \$2,000,000 worth per month for coinage purposes, which shall be coined and used as provided in the act passed February 28, 1878, entitled, "An act to authorize the coinage of the standard silver dollar and restore its legal tender character"; provided that nothing in this act shall alter or repeal said act of February 28, 1878.

MR. JOSEPH W. DREXEL, whose death has been announced in the Death Notices was born in Philadelphia, January 24th, 1833. After receiving a thorough education and a few years' experience in his father's office, he established a banking house in Chicago, and remained there until the death of his father, when he returned to Philadelphia. In 1871 he came to this city and organized the firm of Drexel, Morgan & Co., which still holds its place among the leading private banking institutions of this country. When this new branch of the rapidly extending house had been firmly established, he retired from it and from active business. This was in 1876. Since then his life has been devoted to the improvement of the condition of the poor, and the relief of suffering in all its phases. He was connected with many literary, philanthropic, scientific and other societies, among which were the Academy of Natural Sciences, the New York Metropolitan Museum of Art, the Society for the Improvement of the Condition of the Poor, the Sanitary Society of New York, the Geographical Society, the New York Historical Society, and the Saratoga Historical Society. He was president of the New York Philharmonic Society, and treasurer of the Cancer Hospital Society.

THE huge bank safe in the BANK OF NEW AMSTERDAM, corner of Broadway and 40th Street, New York, is a splendid specimen of mechanical skill and workmanship. After a thorough investigation of the merits of different makers, safes and the varied methods of constructing them, a safe of Herring & Co.'s make was selected. It is a very large, fire-proof safe with a banker's safe inside. The outside folding doors are fire-proof and there are heavy inside folding doors, with polished bolts and a combination lock. When those doors are open the interior shows book case conveniently fitted up with places for books, with drawers and with pigeon-holes for papers. At the bottom is another safe for the protection of the funds of the bank. It is constructed of solid plates of hard and soft steel; the hard steel being tempered drill proof while the soft steel gives strength to the plate, and there is a layer of franklinite, an extremely hard metal, which is used to guard against drilling and cutting tools. The door and jamb have tongues and grooves so that when closed, the door is firmly keyed to the body of the safe and the flanges are rubber packed, making an air-tight joint. Massive bolts secure the door on all sides and those are checked by two Dexter Bank locks and by a Time lock and the safe cannot be opened out of business hours. All the improvements introduced and perfected by Herring & Co. were applied in the construction and the bank has ample protection against both fire and burglars.

THE RESULTS OF ECONOMY.—At the discussion after an address on "Savings and Savings Banks," at the Boston Y. M. C. Union recently, President Baldwin spoke of an example of thrift to which his attention had been called by the treasurer of the Arlington Savings Bank, who is executor of the estate of the late James C. Blanchard, who died at Arlington a few months ago, at the age of sixty. When sixteen years old young Blanchard began to learn the trade of a carpenter, and served five years' apprenticeship. He soon after began to work as a journeyman carpenter, which trade he followed through life, an honest, faithful man, working for his daily wages. He built for himself a small house and married. His wife and children died. For eleven years he was the sexton of the Orthodox Church at Arlington, at an annual salary of \$100. He always enjoyed good health, never spent a dollar in his life for tobacco or alcoholic liquors, was a regular attendant at church, paying annually a pew rental of \$24. At the time of his death it was

thought he might have been in possession of possibly \$5,000, laid up from his daily wages of say \$3 per day, but when Mr. Proctor took charge of the estate he found that he possessed sixteen savings bank books, all full; also personal and other property, amounting in all to \$34,000.

BOSTON.—The first meeting of the Workingman's Loan Association, chartered by the Legislature to lend money on chattel mortgages, has been held. Though organization was not completed, the project was discussed in all its bearings. The experiment has already been made, with headquarters at the Wells Memorial Building, and has proved successful. The intent of the corporation has already been stated—to loan money on furniture and stock at one per cent. a month, against the four and six per cent. exacted by private loan agents. The agency started last August with a capital of \$10,000, and now has an earned surplus of another thousand. The charter fixes the limit of capital at \$500,000, and provides that business shall not begin until \$25,000 is paid in. The rate of interest to be charged and the amount of dividends to be divided to stockholders will be determined by the directors which may be chosen when the company is organized. It is expected that dividends of six per cent. a year can be easily earned. Probably the management of the company will not think it in accordance with the spirit of this enterprise to charge to borrowers higher rates of interest than will suffice to pay all expenses, to accumulate a proper guarantee fund, and to divide six per cent. a year to stockholders. The shares are \$100 apiece.

NEW SEAL.—The United States Treasurer has adopted a new seal for use on United States Notes and certificates. It is similar in design to the large one used on the old \$20 note, with the addition of a small lace border, with many points, in geometric lathe work. It is light pink in color, circular in form and nearly two inches in diameter. Heretofore a separate seal was used on notes and gold and silver certificates, varying in size and design, according to the character and denomination of the note. Hereafter the new seal will be used exclusively on all paper issued. The change in the size and design is said to be in the nature of an additional safeguard against counterfeiting.

The reports of the New York Clearing-house returns compare as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Apr. 7..	\$368,349,400	\$71,774,100	\$29,739,700	\$371,571,700	\$7,726,500	\$ 8,680,875
" 14..	367,286,800	72,946,000	31,532,100	374,430,700	7,757,400	10,870,425
" 21..	363,672,200	74,948,800	33,087,100	374,918,400	7,720,700	14,246,300
" 28..	363,523,900	76,789,800	33,337,100	376,041,500	7,781,300	16,116,525

The Boston bank statement is as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Mar. 31.....	\$140,362,200	\$28,756,900	\$2,891,700	\$103,187,500	\$6,492,100
Apr. 7.....	139,383,800	9,143,200	3,011,200	105,768,800	6,503,300
" 14.....	139,840,300	9,598,300	3,036,600	108,593,900	6,531,800
" 21.....	140,196,000	9,641,000	3,146,500	108,880,500	6,524,900
" 28.....	140,633,600	9,734,400	3,349,100	108,741,700	6,481,200

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1888.	Loans.	Reserves.	Deposits.	Circulation.
Apr. 7.....	\$82,455,900	\$21,980,400	\$84,693,800	\$2,450,490
" 14.....	89,114,000	22,449,000	86,201,900	2,512,750
" 21.....	89,566,400	23,035,500	87,001,900	2,590,750
" 28.....	89,803,300	23,589,600	87,621,100	2,721,760

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from April No., page 809.)

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY	Fourteenth Street Bank.	.....
\$100,000	Geo. F. Vail, <i>P.</i>	William J. Worrell, <i>Cas.</i>
" ..	Henry A. Hurlbut, <i>V. P.</i>	.....
" ..	Twenty-third Ward Bank	.....
\$100,000	Thos. MacKellar, <i>P.</i>	Chas. W. Bogart, <i>Cas.</i>
" ..	David B. Sickels, <i>V. P.</i>	.....
ALA.... Talladega.	Citizens Bank.....	Kountze Bros.
" .. Uniontown	Wm. H. Skaggs, <i>P.</i>	J. L. McLane, <i>Cas.</i>
" ..	J. H. White & Co.....	Mechanics & Traders Bank.
ARK.... Hope	Peoples Bank.....	.....
\$40,000	Sidney B. Wood, <i>P.</i>	Alfred M. Patterson, <i>Cas.</i>
CAL.... Fresno	Fresno National Bank...	.....
\$50,000	J. H. Hamilton, <i>P.</i>	Geo. H. Andruss, <i>Cas.</i>
" .. San Diego.....	Bank of San Diego.....	Hanover National Bank.
\$100,000	John Hyde Braly, <i>P.</i>	Geo. W. Dannals, <i>Cas.</i>
" ..	J. C. Braly, <i>V. P.</i>	.....
" .. San Pedro.....	Bank of San Pedro.....	.....
\$15,000	Wm. G. Kerckhoff, <i>P.</i>	Geo. H. Peck, Jr., <i>Cas.</i>
" ..	Geo. H. Peck, Jr., <i>V. P.</i>	.....
" .. Whittier	Ricker, Mason & Ludley.	Ninth National Bank.
" ..	.....	Chas. D. Henry, <i>Cas.</i>
COL.... Denver.....	Peoples Sav. & Dep. B'k.	.....
\$150,000	M. J. Lawrence, <i>P.</i>	Chas J. McClure, <i>Cas.</i>
" ..	E. F. Hallack, <i>V. P.</i>	.....
" .. Lamar.....	Citizens Bank.....	First National Bank.
\$15,000	Francis Hall, <i>P.</i>	H. J. Gochenour, <i>Cas.</i>
" ..	John E. Frost, <i>V. P.</i>	.....
DAK.... Ashton	First Bank of Ashton....	National Bank of the Republic.
" ..	S. F. Hammond, <i>P.</i>	F. W. Kammann, <i>Cas.</i>
" .. Langdon	Bank of Langdon.....	Chase National Bank.
" ..	P. C. Donovan, <i>P.</i>	Jas. McPhail, <i>Cas.</i>
" .. Oldham.	Bank of Oldham.....	.....
" ..	Frank D. Fitts, <i>P.</i>	Edmund R. Hill, <i>Cas.</i>
" .. Watertown.....	Sioux Banking Co.....	.....
\$25,000	Foster R. Clement, <i>P.</i>	Chas. G. Church, <i>Cas.</i>
" ..	Herman Deepton, <i>V. P.</i>	.....
" .. Watertown.....	Watertown B. & Inv. Co.	National Bank of Commerce.
\$50,000	Wellington D. Wayne, <i>P.</i>	Wm. M. Reed, <i>Cas.</i>
" ..	Daniel Wayne, <i>V. P.</i>	.....
FLA.... Jacksonville. . .	Nat. Bank of Jacksonville	.....
\$150,000	William B. Barnett, <i>P.</i>	Bion H. Barnett, <i>Cas.</i>
GA.... Albany.....	First National Bank.....	.....
\$50,000	John A. Davis, <i>P.</i>	Henry H. Collier, <i>Cas.</i>
" .. Thomasville....	Oglethorpe Sav. & T. Co.	.....
\$125,000	S. L. Hayes, <i>Manager.</i>	Redden Smith, <i>Acct</i>
IND.... Vincennes.....	German National Bank..	.....
\$100,000	S. Gimbel, <i>P.</i>	.....
" ..	Gerard Reiter, <i>V. P.</i>	George R. Alsop, <i>Cas.</i>
IOWA .. Cedar Falls....	Cedar Falls Nat. Bank...	.....
\$50,000	James Miller, <i>P.</i>	Roger Leavitt, <i>Cas.</i>
" .. Oelwein.....	Citizens Bank.....	Hanover National Bank.
" ..	(H. C. Sturgis & Co.)	H. C. Sturgis, <i>Cas.</i>
KAN ... Arkansas City..	The Strong & Ross B'k'g Co.	Nat. Shoe & Leather Bank.
\$100,000	F. M. Strong, <i>P.</i>	Howard Ross, <i>Cas.</i>
" ..	A. A. Newman, <i>V. P.</i>	Amos Steck, <i>Ass't Cas.</i>
" .. Bronson.....	Exchange Bank.....	.....
" ..	.....	J. W. Holeman, <i>Cas.</i>
" .. Columbus Junc.	Farmers & Merchants Bk.	Hanover National Bank.
\$39,100	W. W. Eckman, <i>P.</i>	Marion Carter, <i>Cas.</i>
" ..	F. A. Duncan, <i>V. P.</i>	W. P. Paugh, <i>Ass't Cas.</i>

KAN....	George.....	Farmers & Merchants Bk.	Chemical National Bank.
	\$30,000	John D. Bassett, <i>P.</i>	H. A. Moore, <i>Cas.</i>
" ..	Hoxie	Hoxie State Bank.....	United States National Bank.
	\$125,000	W. P. Rice, <i>P.</i>	James R. Reed, <i>Cas.</i>
		E. K. Streeter, <i>V. P.</i>	G. W. Crane, <i>Ass't Cas.</i>
" ..	Kansas City....	Provident Sav. Bank.....	
	\$10,500	John L. White, <i>P.</i>	Wm. C. Layton, <i>Cas.</i>
		H. P. Langworthy, <i>V. P.</i>	
		Wm. A. McCoy, <i>V. P.</i>	
" ..	Lebanon.....	Bank of Lebanon.....	Corbin Banking Co.
	\$25,000	William F. Allen, <i>P.</i>	Wm. H. Glaskin, <i>Cas.</i>
" ..	Phillipsburg....	State B. of Phillipsburg..	
	\$60,000	R. A. Handy, <i>P.</i>	Albert W. Robertson, <i>Cas.</i>
		M. Beckley, <i>V. P.</i>	
" ..	Sioux City.....	Merchants Bank.....	National Park Bank.
		Eugene W. Rice, <i>P.</i>	Geo. P. Day, <i>Cas.</i>
" ..	St. Francis.....	Citizens State Bank.....	Chase National Bank.
	\$20,000	John P. Hoffman, <i>P.</i>	Wm. B. Lockwood, <i>Cas.</i>
		Anson G. Mead, <i>V. P.</i>	
" ..	Wellington..	Sumner National Bank..	
	\$75,000	John G. Woods, <i>P.</i>	A. Branaman, <i>Cas.</i>
" ..	Zearing	Farmers Bank.....	
		N. R. Clift, <i>P.</i>	N. R. Clift, <i>Cas.</i>
KY. . .	Cadiz.....	Bank of Cadiz	
		John W. Chappell, <i>P.</i>	Felix G. Terry, <i>Cas.</i>
" ..	Cave City.	H. Y. Davis & Co.....	United States National Bank.
			Hardin Y. Davis, <i>Cas.</i>
" ..	Owensboro..	Bank of Commerce.....	United States National Bank.
	\$95,000	John Thixton, <i>P.</i>	Henry C. Gans, <i>Cas.</i>
		J. F. Kimbley, <i>V. P.</i>	
MD. . .	Mount Airy....	Jones & Co.	
MASS. .	Boston.....	Sawyer, Clement & Co...	Edward Sweet & Co.
" ..	Boston	J. W. Mackintosh & Co..	J. W. Mackintosh & Co.
" ..	Rockland	First National Bank.....	
	\$50,000	Edward P. Torrey, <i>P.</i>	Geo. H. Hunt, <i>Cas.</i>
MICH... Benton Harbor..		Farm. & Merchants Bank.	Chase National Bank.
	\$50,000	Irving W. Conkey, <i>P.</i>	Chas. Foster, <i>Cas.</i>
		P. M. Kinney, <i>V. P.</i>	
" ..	Carson City....	Carson City Sav. Bank..	Ninth National Bank.
	\$25,000	Samuel W. Webber, <i>P.</i>	Lafayette L. Trash, <i>Cas.</i>
		Edward Middleton, <i>V. P.</i>	W. A. Webber, <i>Ass't Cas.</i>
" ..	Cedar Springs..	Northern Kent Bank. ..	National Bank of Deposit.
	\$5,200	(Frank L. Fuller)	Frank L. Fuller, <i>Cas.</i>
MINN... Lewiston.....		J. W. Rice	
	\$10,000		
MISS. .	Pickens.	Bank of Pickens.....	Western National Bank.
	\$20,000	W. D. Lawson, <i>P.</i>	W. S. Gordon, <i>Cas.</i>
		R. E. Wilburn, <i>V. P.</i>	
MO.....	Bronaugh.....	Bank of Bronaugh.....	
	\$5,000		W. H. Gentry, <i>Cas.</i>
" ..	Fair Play.....	Bank of Fair Play.....	
	\$5,000	Hugh E. Ewart, <i>P.</i>	Harry D. Train, <i>Cas.</i>
		Wm. Underwood, <i>V. P.</i>	
" ..	Kansas City....	Chappell & Withers.....	
" ..	Monett.....	Bank of Monett.....	National Bank of Commerce.
	\$25,000	James P. Westbay, <i>P.</i>	Harry H. Westbay, <i>Cas.</i>
		B. F. Hobert, <i>V. P.</i>	
" ..	Plattsburgh	Citizens Bank.....	National Bank of the Republic.
	\$20,000		James M. Bohart, <i>Cas.</i>
			J. S. Hockaday, <i>Ass't Cas.</i>
NEB....	Bloomington...	Bloomington State Bank.	Hanover National Bank.
		C. F. McGrew, <i>P.</i>	G. P. DeWalt, <i>Cas.</i>
" ..	Dodge.....	Dodge State Bank.....	National Park Bank.
	\$10,000	J. L. Baker, <i>P.</i>	John Barker, <i>Cas.</i>
		J. B. Robinson, <i>1st V. P.</i>	
		John Bauer, <i>2nd V. P.</i>	
" ..	Gothenburg.....	State Bank.....	Importers & Traders Nat. Bank.
		A. V. Carlson, <i>P.</i>	H. L. Carlson, <i>Cas.</i>
			S. S. Kauffman, <i>Ass't Cas.</i>

NEB....	Herman.....	Plateau Bank.....	Western National Bank.
	\$10,000	Geo. C. Latta.....	Wm. H. Clark, <i>Cas.</i>
" ..	Holdrege.....	Holdrege Nat. Bank.....	.....
	\$50,000	A. Yeazel, <i>P.</i>	Wm. E. Hymer, <i>Cas.</i>
" ..	Prague.....	Farmers & Merchants Bk.	American Exchange Nat. Bank.
	\$10,000	Josef Kaspar, <i>P.</i>	W. C. Kirchman, <i>Cas.</i>
		A. A. Bastar, <i>Ass't Cas.</i>	.....
" ..	Schuyler.....	Nebraska State Bank....	American Exchange Nat. Bank.
	\$100,000	James Gadsden, <i>P.</i>	Alfred Stedman, <i>Cas.</i>
		Thomas F. Cooke, <i>V. P.</i>	.....
" ..	Unadilla.....	Bank of Unadilla.....	Chemical National Bank.
	\$12,500	Nicholas A. Duff, <i>P.</i>	Henry A. Butt, <i>Cas.</i>
" ..	York.....	Mead's State Bank.....	First National Bank.
	\$100,000	W. D. Mead, <i>P.</i>	S. C. Grippin, <i>Cas.</i>
		F. F. Mead, <i>1st V. P.</i>	L. L. McIlvain, <i>Ass't Cas.</i>
		S. H. Sedgwick, <i>2nd V. P.</i>	.....
N. J....	Boundbrook.....	First Nat. Bank.....	National Park Bank.
	\$50,000	Geo. La Monte, <i>P.</i>	R. H. Brokaw, <i>Cas.</i>
		O. B. Reynolds, <i>V. P.</i>	.....
N. Y....	Philadelphia....	Bank of Philadelphia....	Lincoln National Bank..
	\$25,000	Daniel H. Scofield, <i>P.</i>	Henry O. Gardner, <i>Cas.</i>
		Wm. Roberts, <i>V. P.</i>	.....
" ..	Schoharie.....	Schoharie County Bank..	Chase National Bank.
	\$25,000	Mark W. Stories, <i>P.</i>	Jas. M. Burns, <i>Cas.</i>
" ..	Weedsport.....	S. W. Treat & Co.....	U. S. & Western Nat. Banks.
		.....	Chas. M. Henderson, <i>Cas.</i>
OHIO...	Forest.....	Hardin County Bank....	Chase National Bank.
	\$20,000	Zachary T. Lewis, <i>P.</i>	Morris Meyer, <i>Cas.</i>
		J. W. Weil, <i>V. P.</i>	E. M. Leon, <i>Ass't Cas.</i>
" ..	Miamisburg....	First National Bank.....	.....
	\$100,000	Henry Groby, <i>P.</i>	Newton J. Catrow, <i>Cas.</i>
" ..	West Alexandria	Twin Valley Bank.....	National Bank of the Republic.
		(S. S. Black & Co.)	.....
PA.	Carrolltown....	Carrolltown Bank.....	.....
		Robt. L. Johnston, <i>P.</i>	Thos. A. Sharbaugh, <i>Cas.</i>
PENN...	Lebanon.....	Peoples Bank.....	.....
	\$50,000	Joseph S. Lauser, <i>P.</i>	E. M. Woomer, <i>Cas.</i>
		Samuel Weiss, <i>V. P.</i>	Elmer E. Hauser, <i>Ass't Cas.</i>
" ..	Pittsburgh.....	Monongahela N. Bank....	.....
	\$250,000	Thos. Jameson, <i>P.</i>	John D. Fraser, <i>Cas.</i>
TENN..	Newbern.....	Newbern Bank.....	United States National Bank.
	\$10,000	H. C. Porter, <i>P.</i>	Q. Shumate, <i>Cas.</i>
		W. C. Dickey, <i>V. P.</i>	Edgar Magness, <i>Ass't Cas.</i>
" ..	Sparta.....	Farmers Bank.....	Western National Bank.
	\$30,000	Geo. G. Dibrell, <i>P.</i>	W. N. Cameron, <i>Cas.</i>
		Chas. Pearson, <i>V. P.</i>	.....
TEXAS..	Kemp.....	Kemp Bank.....	Merchants Exchange Nat. Bank.
		W. C. Mason, <i>P.</i>	Dodge Mason, <i>Cas.</i>
		Dodge Mason, <i>V. P.</i>	Geo. Still, <i>Ass't Cas.</i>
" ..	Texarkana.....	Inter-State Bank.....	Hanover National Bank.
	\$50,000	Philip T. Norwood, <i>P.</i>	Robert C. Carman, <i>Cas.</i>
		Ennis W. Taylor, <i>V. P.</i>	.....
" ..	Texarkana.....	Texarkana Sav. Bank....	Merchants Exchange Nat. Bank.
	\$50,000	Julius Weiss, <i>P.</i>	Albert J. Purcell, <i>Cas.</i>
UTAH..	Salt Lake City..	Bank of Salt Lake City..	United States National Bank.
		(Bacon & Holland)	.....
WASH..	Ellensburg....	Ellensburg Nat. Bank....	.....
	\$50,000	Van B. De Lashmutt, <i>P.</i>	Ralph Kauffman, <i>Cas.</i>
" ..	Pomeroy.....	Crandall Bros.....	Hanover National Bank.
	\$50,000	.....	.....
WIS....	Dorchester.....	Bank of Dorchester.....	.....
		(E. H. Winchester)....	.....
ONT....	Aurora.....	Ontario Bank.....	W. Watson & Alex. Lang.
		W. H. Nelson, Manager.	.....
" ..	Simcoe.....	Bank of Hamilton.....	.....
		B. Willson, <i>Mgr.</i>	.....
QUEBEC	St. Sauveur....	La Banque Jacques Cartier	National Bank of the Republic.
		N. Dion, <i>Mgr.</i>	.....

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from April No., page 813.)

Bank and Place.		Elected.	In place of.
N. Y. CITY...	Merchants Nat. Bank.....	Gustav Schwab, <i>V. P.</i>	H. Auchincloss.
"	" .. National Bank of Deposit. }	H. B. Moore, <i>V. P.</i>.....	.....
"	" .. Phenix National Bank.....	Chas. F. Sanborn, <i>Cas.</i> ...	Geo. H. Southard.
"	" .. First Nat. B., Tuscaloosa.....	George L. Nichols, <i>V. P.</i> ...	Wm. Bryce.
ALA...	Alabama Nat. B., Birmingham..	Pierson G. Dodd, <i>A. Cas.</i>...	.....
"	" .. American N. B., Birmingham..	H. B. Urquhart, <i>A. Cas.</i>...	.....
"	" .. Bank of Talladega, Talladega..	George C. Kelley, <i>V. P.</i>...	.....
"	" .. First Nat. B., Tuscaloosa.....	J. C. Bowie, <i>Cas.</i>	J. L. McLane.
ARK...	First National Bank, Little Rock. }	P. Bryce, <i>V. P.</i>.....	.....
"	" .. First Nat. B., Santa Barbara.....	N. Kupferle, <i>2nd V. P.</i>....	.....
"	" .. Exchange Bank, Elsinore	A. A. Mandlebaum, <i>A. C.</i> ...	L. W. Coy.
"	" .. Consolidated Nat. Bank, San Diego. }	Hugh D. Vail, <i>V. P.</i>	M. Sawyer.
"	" .. Garden City N. B., San Jose.....	W. F. Baird, <i>Cas.</i>	Larkin Wright.
"	" .. First Nat. B., Central City.....	E. W. Morse, <i>V. P.</i>	James M. Pierce.
"	" .. Denver Nat. Bank, Denver.....	W. H. Clarke, <i>Ass't Cas.</i>...	.....
"	" .. State Nat. Bank, Denver.....	Geo. M. Bowman, <i>V. P.</i> ...	J. B. Randol.
CONN...	Fairfield Co. N. B., Norwalk.....	A. N. Rogers, <i>V. F.</i>	Chas. W. Ladd.
DAK...	B. of Billingshurst Bros., Ashton.	E. L. Raymond, <i>A. Cas.</i>...	.....
"	" .. First Nat. Bank, Doland.....	C. S. Howard, <i>V. P.</i>	S. Hanna.
"	" .. First Nat. Bank, Madison.....	Le Grand Betts, <i>Cas.</i>	Lester S. Cole.
"	" .. Madison Nat. Bank, Madison..	C. B. Billingshurst, <i>P.</i>....	.....
"	" .. First Nat. Bank, Mitchell.....	J. E. Labrie, <i>V. P.</i>	A. Munger.
GA.....	Merchants National Bank, Savannah. }	W. H. MacKay, <i>V. P.</i>	Chas. K. Ballard.
"	" .. N. Live Stock B., of Chicago, Chicago. }	J. I. Hubbell, <i>Ass't Cas.</i>...	.....
"	" .. DeWitt Co. Nat. B., Clinton.....	H. R. Kibbee, <i>Ass't Cas.</i>...	.....
"	" .. First Nat. Bank, Flora.....	Jno. L. Hammond, <i>P.</i>	Geo. L. Cope.
"	" .. Farmers & Mer. N. B., Galva.....	Sam'l P. Hamilton, <i>V. P.</i> ...	Jno. L. Hamilton.
"	" .. LaSalle Nat. Bank, LaSalle.....	Elmer Washburn, <i>P.</i>	John B. Sherman.
"	" .. Lincoln Nat. Bank, Lincoln.....	R. Z. Herrick, <i>Cas.</i>	Geo. E. Conrad.
"	" .. Edgar Co. Nat. Bank, Paris.....	J. F. De Laud, <i>Ass't Cas.</i> ...	Norman Nelson.
"	" .. Merchants Nat. Bank, Peoria.....	E. H. Hawkins, <i>V. P.</i>	Wm. Hopkins.
"	" .. Citizens Nat. Bank, Princeton..	V. A. Wigren, <i>Ass't Cas.</i>...	.....
IND.....	First Nat. Bank, Crown Point.....	M. A. McKey, <i>P.</i>	Isaac H. Norris.
"	" .. Citizens Nat. B., Jeffersonville..	Mark W. Barrett, <i>V. P.</i> ...	J. A. Hudson.
"	" .. Union Co. Nat. B., Liberty.....	Joshua Davis, <i>V. P.</i>.....	.....
"	" .. Citizens Bank, Noblesville. }	A. J. Hodges, <i>P.</i>	E. A. Proctor.
"	" .. People's Nat. B., Princeton.....	Douglas Mosely, <i>A. Cas.</i>...	.....
"	" .. South Bend N. B., South Bend..	J. W. Youche, <i>V. P.</i>	James H. Luther.
"	" .. Farmers Nat. B., Valparaiso.....	George W. Lewman, <i>P.</i>	John F. Read.
"	" .. Bank of Winamac, Winamac.....	Frank Husted, <i>Ass't Cas.</i> ...	A. E. Johnson.
IOWA...	First Nat. Bank, Boone.....	W. E. Dunn, <i>V. P.</i>.....	.....
"	" .. Nat. State Bank, Burlington....	E. Shirts, <i>Cas.</i>	W. E. Dunn.
"	" .. Linn County Bank, Centre Point. }	W. W. Blair, <i>V. P.</i>	W. P. Welborn.
"	" .. Bank of Cresco, Cresco. }	D. A. Baker, <i>P.</i>	John Brownfield.
"	" .. First Nat. Bank, De Witt.....	W. H. Gardner, <i>V. P.</i>	J. R. Hill.
"	" .. Dubuque Nat. B., Dubuque.....	W. S. Huddleston, <i>Cas.</i> ...	W. H. Bouslog.
"	" .. First National Bank, Fort Dodge. }	J. H. Herman, <i>Ass't Cas.</i>...	.....
"	" .. Grundy Co. N. B. Grundy Center	Chas. Starker, <i>V. P.</i>.....	.....
"	" .. First Nat. Bank, Iowa City.....	John R. Gitchell, <i>P.</i>	J. A. Kuck.
"	" .. First Nat. Bank, De Witt.....	Fred. E. Gitchell, <i>Cas.</i> ...	Geo. W. Kuck.
"	" .. Dubuque Nat. B., Dubuque.....	John Farnsworth, <i>P.</i>.....	.....
"	" .. First National Bank, Fort Dodge. }	H. W. Young, <i>Cas.</i>.....	.....
"	" .. Grundy Co. N. B. Grundy Center	E. W. Price, <i>Cas.</i>	J. H. Price.
"	" .. First Nat. Bank, Iowa City.....	G. A. Burden, <i>Ass't Cas.</i> ...	T. P. Guernsey.
"	" .. First Nat. Bank, Iowa City.....	C. G. Bladen, <i>Cas.</i>	J. B. Scott.
"	" .. First Nat. Bank, Iowa City.....	J. W. Campbell, <i>A. Cas.</i> ...	C. G. Bladen.
"	" .. First Nat. Bank, Iowa City.....	H. S. Beckman, <i>Cas.</i>	Roger Leavitt.
"	" .. First Nat. Bank, Iowa City.....	Peter A. Dey, <i>V. P.</i>	G. W. Marquardt.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
IOWA...	Farmers & Traders Nat. B.,	J. G. Jones, <i>P.</i>	John Siebel.
	Oskaloosa.	R. P. Bacon, <i>V. P.</i>	L. E. Blanchard.
	First Nat. Bank, Perry.....	H. J. Holmes, <i>Cas.</i>	O. Mosher.
	Fayette Co. N. B., West Union.	S. B. Ziegler, <i>P.</i>	Joseph Hobson.
KAN....	First National Bank,	Alex. Campbell, <i>P.</i>	M. S. Atwood.
	Beloit.	L. J. Best, <i>V. P.</i>	Geo. H. Francis.
"	First Nat. Bank, Caldwell.....	E. Brion, <i>Ass't Cas.</i>	.....
	First Nat. Bank, Cawker City..	Wm. Corzine, <i>V. P.</i>	Wm. E. Malaby.
"	Bank of Downs,	E. M. Bergen, <i>Ass't Cas.</i>	.....
	Downs.	J. W. Huff, <i>P.</i>	E. E. Parker.
"	First Nat. Bank, Frankfort....	Geo. E. Cragin, <i>Cas.</i>	J. W. Huff.
	Galesburgh Exch. B., Galesb'gh.	F. F. Rhodes, <i>P.</i>	F. F. Rhodes.
"	Haddam State Bank,	M. R. Condon, <i>Cas.</i>	.....
	Haddam City.	F. E. Brown, <i>V. P.</i>	.....
"	Wyandotte Nat. B., Kan. City.	I. H. Chase, <i>Cas.</i>	Ray E. Chase.
	Citizens Nat. Bank,	Jessie E. Chase, <i>A. Cas.</i>	.....
"	Kingman.	Isaac La Grand, <i>V. P.</i>	Frank Fulton.
	Merchants Nat. B., Lawrence..	John E. Lydecker, <i>V. P.</i>	George F. Berry.
"	Exchange Bank,	Wm. Wensell, <i>Cas.</i>	John M. Lee.
	Lenora.	A. Monroe, <i>V. P.</i>	W. W. Cockins.
"	First Nat. Bank, Marion.....	J. J. Wiltout, <i>P.</i>	W. W. Hetherington
	Mound City B., Mound City...	S. Larrick, <i>Cas.</i>	G. A. Lathrop.
"	Bank of Plainville, Plainville..	E. R. Trenner, <i>V. P.</i>	.....
	Portis Bank, Portis.....	W. O. Fuller, Jr. <i>P.</i>	W. P. Rice.
"	Morton County Bank,	M. C. Knox, <i>Cas.</i>	J. A. Earls.
	Richfield.	W. H. Garafflo, <i>Cas.</i>	Geo. R. Timms.
"	First Nat. Bank, Russell.....	B. C. Mitchell, <i>P.</i>	Geo. H. Robinson.
	Kansas State Bank,	Geo. H. Robinson, <i>V. P.</i>	.....
"	Scott City.	W. H. Moses, <i>V. P.</i>	Chas. A. Wolcott.
	First Nat. Bank, Stafford.....	S. W. Case, <i>P.</i>	C. R. Nicholson.
"	First Nat. Bank, Wamego.....	C. R. Swan, <i>V. P.</i>	W. B. Buck.
	Wellington Nat. Bank,	C. G. Webb, <i>Ass't Cas.</i>	.....
"	Wellington.	L. C. Prunty, <i>V. P.</i>	.....
	Nat. B. of Lebanon.....	F. P. Neal, <i>P.</i>	James A. Maggard.
KY.....	Third Nat. Bank, Lexington...	W. B. Spear, <i>Cas.</i>	F. P. Neal.
	Citizens Nat. B., Louisville...	Samuel Avritt, <i>V. P.</i>	.....
"	Farm. & Drovers B., Louisville..	John G. Cooper, <i>A. Cas.</i>	.....
	Exch. B. of Ky., Mt. Sterling...	W. R. Ray, <i>V. P.</i>	.....
"	First Nat. Bank, Owenton.....	R. S. Veach, <i>P.</i>	James G. Caldwell.
	American-Ger. N. B., Paducah..	John G. Winn, <i>Cas.</i>	Leslie Thomson.
"	First Nat. Bank, Richmond...	J. P. Martin, Sr., <i>V. P.</i>	H. D. Barker.
	First National Bank,	T. H. Puryear, <i>P.</i>	H. M. Gilson.
"	Somerset.	W. M. Irvine, <i>V. P.</i>	.....
	Winchester N. B., Winchester..	S. A. Newel, <i>P.</i>	J. M. Richardson.
LA.....	First Nat. Bank, Baton Rouge..	Geo. Perkins, <i>V. P.</i>	.....
	ME.....	J. A. McGee, <i>Cas.</i>	Rob. Gibson.
"	Sandy River N. B., Farmington.	Leslie Thomson, <i>Cas.</i>	J. P. Powers.
	Merchants Nat. B., Portland..	J. D. Fisher, <i>V. P.</i>	.....
"	South Berwick Nat. Bank,	Cyrus Foss, <i>V. P.</i>	Geo. Hamilton.
	South Berwick.	Arthur F. Belcher, <i>A. C.</i>	.....
"	Ticonic Nat. Bank, Waterville..	Jos. E. Gilman, <i>A. Cas.</i>	.....
	Easton Nat. Bank, Easton.....	G. C. Yeaton, <i>P.</i>	John H. Plumer.
MD.....	Salisbury Nat. B., Salisbury....	John H. Plumer, <i>Cas.</i>	John F. Walker.
	Boylston Nat. B., Boston.....	A. H. Plaisted, <i>Ass't Cas.</i>	.....
MASS...	Collateral Loan Co., Boston....	Robert E. Dixon, <i>V. P.</i>	.....
	Boston Nat. Bank, Boston.....	W. B. Tilghman, <i>V. P.</i>	.....
"	East Weymouth Sav. Bank,	Edward A. Church, <i>A. C.</i>	.....
	East Weymouth.	A. C. Pond, <i>P.</i>	John D. Parker.*
"	Safety Fund Nat. B., Fitchburg	Silas Peirce, <i>V. P.</i>	.....
	Framingham N. B., Framingham.	Z. L. Bicknell, <i>P.</i>	D. Tucker.
"	Hopkinton Nat. B., Hopkinton..	John A. Raymond, <i>Acting Cas.</i>	J. A. Cushing.
	Millbury Sav. B., Millbury.....	Joel G. Tyler, <i>Acting Treas.</i>	.....
"	Franklin E. Gregory, <i>V. P.</i>	Franklin E. Gregory, <i>V. P.</i>	W. H. Millen.
	Benj. F. Sargent, <i>V. P.</i>	Frank A. Morrill, <i>Cas.</i>	E. J. Jenks.
"	Levi L. Whitney, <i>P.</i>	Benj. F. Sargent, <i>V. P.</i>	Wm. P. Sargent.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
MASS.	Orange Nat. Bank, Orange....	John W. Wheeler, <i>V. P.</i>	James H. Waite.
"	Union Nat. Bank, Weymouth....	Henry A. Nash, <i>V. P.</i>	.....
"	Mechanics Nat. B., Worcester....	F. A. Dewey, <i>P.</i>	D. S. Messenger.
MICH.	N. B. of Battle Creek, Battle C'k....	James Boughton, <i>Cas.</i>	Scott Field.
"	Second Nat. B., Bay Shore....	D. C. Smalley, <i>V. P.</i>	A. Chesbrough.
"	Chesaning Bank, Chesaning....	F. T. Sheldon, <i>Cas.</i>	W. R. Coryell.
"	Third Nat. Bank, Detroit....	J. A. Dresser, <i>Ass't Cas.</i>	.....
"	First Nat. B., Grand Haven....	N. R. Howlett, <i>V. P.</i>	Robt. Howlett.
"	Fourth Nat. B., Grand Rapids....	Fred. K. Baker, <i>A. Cas.</i>	.....
"	Gr. Rapids N. B., Gr. Rapids....	Nathan B. Brisbin, <i>A. C.</i>	.....
"	Ishpeming N. B., Ishpeming....	C. Merryweather, <i>V. P.</i>	Samuel Mitchell.
"	City Bank, Marlette. }	Warren Winterstein, <i>P.</i>	.....
"	First Nat. Bank, Mason.....	W. A. Vail, <i>Cas.</i>	.....
"	Lumberman's Nat. Bank, Muskegon. }	Geo. F. Day, <i>Ass't Cas.</i>	.....
"	"	A. V. Mann, <i>P.</i>	Chauncey Davis.*
"	"	Alex. Rogers, <i>V. P.</i>	A. V. Mann.
"	"	C. H. Hackley, <i>2nd V. P.</i>	.....
"	Citizens Nat. Bank, Niles....	W. M. Hutton, <i>A. Cas.</i>	.....
"	Plymouth Nat. B., Plymouth....	L. C. Sherwood, <i>Cas.</i>	L. D. Searer, <i>Act'g.</i>
"	First Nat. B., South Haven....	A. S. Packard, <i>V. P.</i>	.....
"	First Nat. Bank, Traverse City....	W. L. Hammond, <i>Cas.</i>	C. A. Hammond.
MINN.	First Nat. B., Brainerd.....	Adam Brown, <i>V. P.</i>	.....
"	Merchants Nat. B., Duluth....	W. Marshall, <i>Ass't Cas.</i>	.....
"	First Nat. Bank, Kasson.....	Horace Anthony, <i>A. Cas.</i>	.....
"	Union National Bank, Minneapolis. }	H. F. Brown, <i>1st V. P.</i>	.....
"	"	A. F. Kelley, <i>2nd V. P.</i>	.....
"	First Nat. Bank, Red Wing....	T. K. Simmons, <i>V. P.</i>	.....
MISS.	B. of Crystal Spgs., Crystal Spgs....	Wm. Norwold, <i>Cas.</i>	W. G. Colmery.
MO.	First Nat. B., Appleton City....	John C. Bram, <i>V. P.</i>	.....
"	American N. B., Kansas City....	H. P. Churchill, <i>2nd V. P.</i>	.....
"	First Nat. Bank, Kansas City....	J. L. Abernethy, <i>V. P.</i>	Wilton McDonald.
"	Kingston Sav. Bank, Kingston....	J. A. Rathbun, <i>P.</i>	John L. Ross.
"	First Nat. Bank, Mexico.....	W. A. Morris, <i>V. P.</i>	Jacob Ruloff.
"	First Nat. Bank, Milan. }	A. Payne, <i>P.</i>	E. Ash.
"	"	James Morris, <i>V. P.</i>	Wm. Bradley.
"	Randolph Bank, Moberly.....	Will A. Rothwell, <i>Cas.</i>	A. R. Blakey.
"	DeKalb-Clinton B., Stewartville....	John Parr, <i>P.</i>	E. P. Pickett.
"	First Nat. Bank, Tarkio.....	W. F. Rankin, <i>A. Cas.</i>	John F. Rankin.
"	Bank of Urich, Urich. }	John A. Wells, <i>P.</i>	.....
"	"	John Grady, <i>V. P.</i>	.....
"	"	Thos. W. Wells, <i>Cas.</i>	.....
"	"	Thos. B. Littlejohn, <i>A. C.</i>	.....
"	Bank of Winston, Winston. }	J. S. Stevens, <i>P.</i>	J. B. Robinson.
"	"	W. G. Lancaster, <i>Cas.</i>	J. S. Stevens.
MONT.	First Nat. Bank, Butte City....	Hiram Knowles, <i>V. P.</i>	S. T. Hauser.
NFB.	First Nat. Bank, Alma.....	A. S. McManus, <i>A. Cas.</i>	.....
"	Nat. B. of Ashland, Ashland....	G. D. Lawson, <i>Ass't Cas.</i>	P. H. Morley.
"	First Nat. Bank, Clay Center....	W. J. Gardiner, <i>A. Cas.</i>	.....
"	Columbus Savings Bank, Loan & Trust Co., Columbus. }	C. W. Sheldon, <i>P.</i>	A. Anderson.
"	"	E. D. Phillips, <i>V. P.</i>	.....
"	First Nat. Bank, Franklin....	Edward Blewett, <i>P.</i>	Manley Rogers.
"	Fremont Nat. Bank, Fremont....	Irving McKennan, <i>A. C.</i>	.....
"	Citizens Bank, Humphrey....	E. A. Stockslager, <i>P.</i>	Ira B. Briggles.
"	First Nat. Bank, Minden.....	James A. Cline, <i>A. Cas.</i>	.....
"	Merchants Nat. B'k, Neb. City....	H. W. Homeyer, <i>A. Cas.</i>	.....
"	First Nat. Bank, Nelson.....	A. J. Minor, <i>V. P.</i>	M. L. Fogel.
"	New Vienna B., New Vienna....	J. C. Routh, <i>P.</i>	Ellis Good.
"	First Nat. Bank, North Platte....	C. F. Iddings, <i>V. P.</i>	A. D. Buckworth.
"	First Commercial Bank, Odell. }	J. D. Myers, <i>P.</i>	.....
"	"	Franklin Walker, <i>V. P.</i>	.....
"	"	Monroe Robertson, <i>Cas.</i>	.....
"	Keith County Bank, Ogallala....	G. W. Thomas, <i>Cas.</i>	O. T. Carlson.
"	Omaha Sav. Bank, Omaha....	Chas. F. Manderson, <i>P.</i>	Guy C. Burton.
"	First Nat. Bank, O'Neill....	F. B. Van Lien, <i>A. Cas.</i>	.....
"	Red Cloud Nat. B., Red Cloud....	J. W. Sherwood, <i>P.</i>	Levi Moore.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEB.	Jones Nat. Bank, Seward.....	L. F. Schultz, <i>Ass't Cas.</i>	.....
"	First Nat. Bank, Sutton.....	M. L. Luebben, <i>A. Cas.</i>	.....
"	R. K. Johnson, Valparaiso.....	L. P. Hill, <i>Cas.</i>	.....
"	First Nat. Bank, Wahoo.....	J. M. Chapman, <i>V. P.</i>	A. Blakestod.
"	Bank of Wescott, Wescott.....	John J. Wescott, <i>Cas.</i>	.....
N. H.	Fitzwilliam Sav. B., Fitzw'm.	John M. Parker, <i>P.</i>	Amos J. Blake.
"	Amoskeag Nat. B., Manchester.	John M. Chandler, <i>A. C.</i>	.....
"	Portsmouth Tr. & Guaranty Co., Portsmouth }	Frank Jones, <i>P.</i>	Jeremiah F. Hall.
"	Wolfborough S. B., Wolfb'gh.	Chas. G. Cate, <i>P.</i>	A. H. Rust.
N. J.	Farmers Nat. Bank, Allentown.	E. E. Hutchinson, <i>Cas.</i>	June 1st.
"	Farmers Nat. B., Mt. Holly....	M. S. Pancoast, <i>V. P.</i>	.....
"	First Nat. Bank, Vincentown....	Sam'l. O. Ross, <i>Cas.</i>	Guy Bryan.
N. Y.	First Nat. Bank, Albany.....	C. Tremper, Jr., <i>A. Cas.</i>	.....
"	Coann's Bank, Albion.....	R. T. Coan, <i>Cas.</i>	.....
"	Dime Sav. Bank, Brooklyn.....	Gardiner S. Hutchinson, <i>P.</i>	.....
"	N. B. of Coxsackie, Coxsackie..	Platt Coonley, <i>V. P.</i>	Wheeler Powell.
"	Merchants Nat. B., Dunkirk....	H. S. Champlin, <i>A. Cas.</i>	.....
"	Ellenville Sav. B., Ellenville....	John C. Hoonbeck, <i>P.</i>	Isaac Corbin.*
"	First Nat. Bank, Franklin.....	Chas. A. Douglas, <i>P.</i>	Amos Douglas.
"	Fultonville N. B., Fultonville..	Alfred De Graff, <i>V. P.</i>	.....
"	Genesee Valley N. B., Genesee....	Chas. Jones, <i>V. P.</i>	J. W. Wadsworth.
"	Bank of Lima, Lima.....	S. L. Parmele, <i>Cas.</i>	G. W. Thayer.
"	First Nat. Bank, Monticello....	Hiram Post, <i>V. P.</i>	.....
"	Stissing Nat. B., Pine Plains....	J. H. Bostwick, <i>Ass't C.</i>	Wm. M. Sayre.
"	Merchants N. B., Poughkeepsie.	Albert Tower, <i>V. P.</i>	Wm. S. Johnston.
"	Oneida Co. Sav. Bank, Rome }	J. D. Ely, <i>P.</i>	A. Ethridge.
"	Central Nat. Bank, Troy.....	C. D. Prescott, <i>Sec & Tr.</i>	C. S. Griffin.
"	Utica City Nat. Bank, Utica....	E. W. Greenman, <i>Cas.</i>	W. H. VanSchoonh'v'n
"	First Nat. Bank, Yonkers.....	M. C. Brown, <i>Cas.</i>	.....
"	First Nat. Bank, Yonkers.....	Wm. H. Doty, <i>V. P.</i>	.....
N. C.	B. of Fayetteville, Fayetteville..	John C. Haigh, Jr., <i>Cas.</i>	W. T. Taylor.*
OHIO.	Equitable Nat. B., Cincinnati..	W. P. Stamm, <i>Ass't Cas.</i>	.....
"	Fifth Nat. B., Cincinnati.....	Bradford Shinkle, <i>V. P.</i>	S. C. Tatum.
"	German Nat. B., Cincinnati.....	A. B. Voorhies, <i>V. P.</i>	F. Mermet.
"	First Nat. Bank, Cleveland.....	Thos. H. Wilson, <i>Cas.</i>	H. S. Whittlesey.
"	Merchants Nat. B., Dayton....	A. Gebhart, <i>V. P.</i>	I. C. Peirce.
"	Merchants Nat. Bank, Defiance }	Chas. E. Slocum, <i>V. P.</i>	.....
"	First Nat. Bank, Felicity.....	Andrew Sauer, <i>Ass't C.</i>	.....
"	First Nat. Bank, Fremont.....	J. G. Prather, <i>V. P.</i>	W. P. South.
"	Miami Valley N. B., Hamilton....	Wm. E. Haynes, <i>V. P.</i>	.....
"	Kenton Nat. Bank, Kenton.....	F. W. Whitaker, <i>Ass't C.</i>	.....
"	Lynchburg Bank, Lynchburg.....	Hugh L. Runkle, <i>Ass't C.</i>	J. H. Allen.
"	First Nat. B., McConnellsville..	H. N. Hendersen, <i>Cas.</i>	H. L. Glenn.
"	Springfield S. B., Springfield...	Robt. L. Morris, <i>V. P.</i>	E. W. Cotton.
"	Third Nat. Bank, Urbana.....	W. S. Wilson, <i>P.</i>	W. S. Field.
ORE.	First National Bank, Heppner }	W. E. Berry, <i>Ass't Cas.</i>	C. A. Ross.
"	First National Bank, Heppner }	Hugh Fields, <i>V. P.</i>	.....
"	First National Bank, Heppner }	Frank Maddock, <i>A. Cas.</i>	.....
PENN.	First National Bank, Beaver }	John M. Buchanan, <i>V. P.</i>	.....
"	First Nat. Bank, Braddock.....	Edward J. Allison, <i>Cas.</i>	J. M. Buchanan.
"	Catawissa Deposit B., Catawissa..	J. N. Anderson, <i>V. P.</i>	H. R. Chalfant.
"	First Nat. Bank, Emporium.....	Luther Eyer, <i>P.</i>	John K. Robins.
"	First Nat. Bank, Emporium.....	J. C. Danckelman, <i>A. C.</i>	.....
"	Lancaster Co. N. B., Lancaster..	J. L. Metzger, <i>V. P.</i>	D. Huber.
"	First National Bank, Latrobe }	S. H. Baker, <i>V. P.</i>	.....
"	First National Bank, Latrobe }	J. E. Barnett, <i>Ass't Cas.</i>	.....
"	First National Bank, Mauch Chunk }	A. W. Butler, <i>V. P.</i>	.....
"	First Nat. Bank, Mercer.....	Edgar Twining, <i>Cas.</i>	A. W. Butler.
"	Watsonstown N. B., Watsonstown..	W. Miller, Jr., <i>Cas.</i>	C. S. Burwell.
"	First Nat. B., Wilkes Barre.....	John P. Dentler, <i>V. P.</i>	J. R. Leinbach.
R. I.	First Nat. B., Wilkes Barre.....	Wm. S. McLean, <i>V. P.</i>	.....
"	Union Nat. Bank, Newport.....	R. S. Barker, <i>P.</i>	Geo. F. Crandall.
"	Phenix Nat. Bank, Phenix.....	Geo. E. Sheldon, <i>A. Cas.</i>	.....
TENN.	Third National Bank, Knoxville }	W. P. Armstrong, <i>V. P.</i>	.....
"	Third National Bank, Knoxville }	H. B. Branner, <i>Cas.</i>	John A. McKeldin.
"	Third National Bank, Knoxville }	F. W. Armstrong, <i>A. C.</i>	.....

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
TENN.	Fourth Nat. Bank, Nashville....	J. H. Fall, <i>2nd V. P.</i>....	.....
"	Giles Nat. Bank, Pulaski.....	W. L. Abernathy, <i>A. C.</i>	W. C. Nelson.
"	First Nat. B., South Pittsburg....	T. G. Garrett, <i>Ass't Cas.</i>	C. B. Duncan.
"	First Nat. Bank, Sparta.....	J. T. Quarles, <i>V. P.</i>	W. N. Cameron.
TEXAS.	First Nat. Bank, Austin.....	H. L. Guenther, <i>A. Cas.</i>....	.....
"	First National Bank, Baird. }	W. H. Parvin, <i>V. P.</i>	W. L. Gilliland.
"	First Nat. Bank, Cleburne.....	W. C. Powell, <i>Cas.</i>	A. G. Wills.
"	State Nat. Bank, Denison.....	C. L. Heath, <i>Cas.</i>	O. S. Heath.
"	State Nat. B., Fort Worth.....	Alex. Rennie, <i>V. P.</i>	S. Hanna.
"	Gainesville N. B., Gainesville....	Sidney Martin, <i>2nd V. P.</i>....	.....
"	Red River National Bank, Gainesville. }	C. Chambers, <i>Cas.</i>.....	.....
"	Texas B. & Ins. Co., Galveston....	L. B. Edwards, <i>P.</i>	L. G. Cairns.
"	First Nat. Bank, Greenville....	J. M. Potter, <i>Cas.</i>	L. B. Edwards.
"	First Nat. Bank, Kaufman.....	C. J. Wolston, <i>Ass't Cas.</i>....	.....
"	First Nat. Bank, Paris.....	Ernest Harrison, <i>A. Cas.</i>....	.....
"	San Angelo N. B., San Angelo....	B. F. Taylor, <i>V. P.</i>.....	.....
"	Traders Nat. B., San Antonio....	J. F. McReynolds, <i>A. Cas.</i>....	.....
"	First Nat. Bank, Terrell.....	Albert Raas, <i>Ass't Cas.</i>....	.....
"	Waco National Bank, Waco.....	John J. Stevens, <i>V. P.</i>	J. W. Glass.
"	Panhandle National Bank, Wichita Falls. }	R. D. Bumpass, <i>A. Cas.</i>....	.....
"	First National Bank, Nephi. }	E. Rotan, <i>V. P.</i>.....	.....
UTAH.	First National Bank, Lyndonville. }	O. P. Wood, <i>V. P.</i>	C. Goodright.
"	First Nat. Bank, St. Johnsbury....	W. A. McCutcheon, <i>Cas.</i>	A. S. James.
"	N. B. of White River Junction, }	Jonas H. Erekson, <i>V. P.</i>	J. H. Mynders.
"	White River Junction. }	W. C. Stowe, <i>Ass't Cas.</i>....	.....
VA.	Farmers Nat. B., Culpeper.....	L. B. Harris, <i>Acting Cas.</i>....	.....
WASH.	First National Bank, Seattle....	Franklin Fairbanks, <i>P.</i>	Horace Fairbanks.*
"	Merchants National Bank, Tacoma. }	E. Morris, <i>V. P.</i>	Geo. W. Gates.
"	Buckhannon Bank, Buckhannon. }	Levi Leonard, <i>P.</i>	T. J. Farnsworth.
"	First National Bank, Ashland....	G. A. Newlon, <i>Cas.</i>	R. E. Hudkins.
"	First Nat. Bank, Burlington....	C. W. Newlon, <i>Ass't Cas.</i>....	.....
"	First Nat. B., Manitowoc.....	C. E. Street, <i>Cas.</i>	W. R. Sutherland.
"	Union National Bank, Racine. }	Eugene Hall, <i>Acting Cas.</i>....	.....
"	Stock Growers N. B., Cheyenne....	J. W. Barnes, <i>V. P.</i>.....	.....
WYO.	Albany Co. N. B., Laramie City. }	F. K. Bull, <i>P. (pro tem)</i>....	.....
"	First Nat. Bank, Cheyenne....	Henry E. Snieding, <i>V. P.</i>....	.....
"	Albany Co. N. B., Laramie City. }	Andrew Gilchrist, <i>P.</i>	Thos. Sturgis.
"	First Nat. Bank, Cheyenne....	I. P. Caldwell, <i>V. P.</i>	M. N. Grant.

* Deceased.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Apr. 2.	Apr. 9.	Apr. 16.	Apr. 23.	Apr. 30.
Discounts	6 @ 7 ..	6 @ 7 ..	6 @ 7 ..	6 @ 7 ..	5½ @ 6½
Call Loans	5 @ 2½ ..	3 @ 2 ..	2 @ 1½ ..	4 @ 2 ..	2 @ 1½
Treasury balances, coin...	\$130,824,485	\$131,026,729	\$130,962,066	\$131,227,620	\$131,711,947
Do. do. currency..	18,287,770	12,652,954	13,106,535	13,369,530	13,725,708

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from April No., page 814.)

N. Y. CITY.....	American Exchange in Europe, in hands of a receiver.
ALA.....	Chrystie & Janney has removed from 23 & 25 Nassau street to 6 Wall.
" .. Uniontown.....	H. Long & White, now J. H. White & Co.
ARIZ.... Nogales.....	Henry Hewitt, Jr., & Co. have retired from business.
CAL.... Whittier.....	Tillinghast, Henry & Co., succeeded by Ricker, Mason & Lindley.
COL.... Central City...	J. Mellor & Co., have gone into voluntary liquidation.
" .. Denver.....	McMann & Kittredge, now R. H. McMann & Co.
" .. Grand Junction	Geo. Arthur Rice & Co., now First National Bank.
" .. Lamar.....	Lamar State Bank, succeeded by Citizens Bank, same officers and correspondents.
DAK.... Ashton.....	Bank of Billingshurst Bros. has been incorporated.
FLA.... Jacksonville....	Bank of Jacksonville, now National Bank of Jacksonville.
GA.... Augusta.....	Augusta Savings Bank has been incorporated, same officers.
IOWA... Boone.....	National Bank of Boone, now First National Bank.
" .. Zearing.....	Farmers Bank (Bennett A. Armstrong), now N. R. Clift, proprietor.
KAN... Admire.....	Farmers Bank, now Bank of Admire, same officers.
" .. Assaria.....	Vinson & Conkle have closed out.
" .. Bronson.....	G. A. Pinnell & Son, succeeded by Exchange Bank of Bronson.
" .. Hoxie.....	Bank of Hoxie, now Hoxie State Bank.
" .. Hutchinson....	Bank of Commerce, now National Bank of Commerce.
" .. Iuka.....	Pratt County Bank has retired from business.
" .. Lehigh.....	Bank of Lehigh (Hannafoord & Hamilton) sold out.
" .. Leon.....	Leon Bank, sold out to Leon Exchange Bank.
" .. Wellington....	Sumner County Bank, now Sumner National Bank.
KY.... Owensboro.....	Citizens Bank, now Bank of Commerce, same officers and correspondents.
MASS... Boston	Gould, Hall & Mills, now Gould, Hall & Co.
" .. Boston.....	Mackintosh, Klous & Co., now J. W. Mackintosh & Co.
MO.... Bronaugh.....	Linn & Co., succeeded by Bank of Bronaugh.
" .. Urich.....	Bank of Urich has been incorporated.
NEB... Bertrand.....	Citizens Bank, sold out to First State Bank.
" .. Bloomington...	Bloomington Exchange Bank (John DeWalt & Son), now Bloomington State Bank.
" .. Herman.....	Herman Bank (W. H. Whitson), succeeded by Plateau Bank.
" .. Odell.....	First Commercial Bank has been incorporated.
" .. Omaha.....	State National Bank has been placed in the hands of a receiver.
" .. Schuyler	Gadsden & Stedman, now Nebraska State Bank.
" .. Sydney.....	Merchants Bank (E. M. Mancourt & Co.), now Mancourt & Goodwin, proprietors.
N. Y. ... Weedsport.....	Mack, Treat & Co., succeeded by S. W. Treat & Co.
OHIO... Cincinnati.....	Queen City National Bank, now Fifth National Bank.
" .. Forest.....	Nye's Bank, succeeded by Hardin County Bank.
" .. Green Spring ..	Lester W. Roy & Co. are closing out.
" .. Ottawa.....	Ottawa Exchange Bank (Slauson & De Ford), now S. Slauson, proprietor.
TENN... Dresden.....	Bank of Henry (Branch), have withdrawn.
VA.... Danville.....	Merchants & Mechanics Savings Bank have sold out.
WYO... Rawlings.....	Banking House of James France has suspended.
ONT.... Aurora	Federal Bank of Canada, succeeded by Ontario Bank.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from April No., page 813.)

3863	National Exchange Bank....	Thomas T. Crittenden, Kansas City, Mo.	Jas. S. Warden,	\$250,000
3864	German National Bank.....	S. Gimbel, Vincennes, Ind.	George R. Alsop,	100,000
3865	Sumner National Bank.....	John G. Woods, Wellington, Kansas	A. Branaman,	75,000
3866	First National Bank.....	George La Monte, Boundbrook, N. J.	R. H. Brokaw,	50,000
3867	Ellensburg National Bank....	Van R. De Lashmutt, Ellensburg, Wash. Ter.	Ralph Kauffman,	50,000
3868	First National Bank.....	Edward P. Torrey, Rockland, Mass.	Geo. H. Hunt,	50,000
3869	National Bank of Jacksonville..	William B. Barnett, Jacksonville, Fla.	Bion H. Barnett,	150,000
3870	Fresno National Bank.....	J. H. Hamilton, Fresno, Cal.	George H. Andruss,	100,000
3871	Cedar Falls National Bank....	James Miller, Cedar Falls, Iowa	Roger Leavitt,	50,000
3872	First National Bank.....	John A. Davis, Albany, Ga.	Henry H. Collier,	50,000
3873	Central National Bank.....	Andrew J. Kaufman, Columbia, Pa.	J. H. Zeamer,	100,000
3874	Monongahela National Bank..	Thomas Jamison, Pittsburgh, Pa.	John D. Fraser,	250,000
3875	Holdrege National Bank.....	A. Yeazel, Holdrege, Neb.	Wm. E. Hymer,	50,000
3876	First National Bank.....	Henry Groby, Miamisburgh, O.	Newton J. Catrow,	100,000

DEATHS.

COLMERY.—On March 30, aged thirty-five years, W. G. COLMERY, Cashier of Bank of Crystal Springs, Crystal Springs, Miss.

FAIRBANKS.—On March 26, HORACE FAIRBANKS, President of First National Bank, St. Johnsville, Vt.

FIELD.—On March 24, aged sixty-five years, W. S. FIELD, President of Springfield Savings Bank, Springfield, Ohio.

GOADBY.—On April 26, aged fifty-three years, JAMES H. GOADBY, partner of the firm of Goadby & Laird, agents for Canadian Bank of Commerce, New York City, N. Y.

HOSPES.—On April 8, aged seventy-nine years, LOUIS HOSPES, President of First National Bank, Stillwater, Minn.

McLELLAN.—On April 11, aged eighty-one years, JACOB McLELLAN, President of Merchants National Bank, Portland, Me.

MITCHELL.—On March 31, aged thirty-six years, F. Mitchell, Cashier of Merchants Bank of Prince Edwards Island, Charlottstown, Prince Edwards Island.

POTTS.—On April 28, aged seventy-seven years, GEORGE H. POTTS, President of National Park Bank, New York City, N. Y.

STRONG.—On March 11, aged fifty-eight years, I. M. STRONG, of the firm of I. M. Strong & Son, Bancroft, Mich.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, APRIL, 1888.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in April.						RAILROAD STOCKS.						MISCELLANEOUS.									
GOVERNMENTS.			Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	RAILROAD STOCKS.			Open- ing.	High- est.	Low- est.	Clos- ing.	MISCELLANEOUS.			Open- ing.	High- est.	Low- est.	Clos- ing.
4 1/4, 1891.... reg.			Quarterly Mar. Jan. Feb.	106 1/2	108 1/2	106	107 1/2	Col. H. Valley & Tol.....			17	22	17	22	Norfolk & Western.....			—	19 1/2	16 1/2	19 1/2
4 1/4, 1891.... coup.				106 1/2	107 1/2	106	107 1/2	Col. & H. C. & I.....			104 1/2	110	103 1/2	110	Do Northern Pacific.....			42 1/2	48 1/2	42	48 1/2
4 1/4, 1907.... reg.				124	126 1/2	123 1/2	126 1/2	Del., Lack. & W.....			125 1/2	130 1/2	123 1/2	130 1/2	Do Do.....			43	52 1/2	42 1/2	52 1/2
4 1/4, 1907.... coup.				124	126 1/2	123 1/2	126 1/2	Den. & Rio Grande.....			15 1/2	20 1/2	15 1/2	20 1/2	Ohio & Mississippi.....			—	22 1/2	18 1/2	22 1/2
6 1/4, cur'cy, 1895 reg.			Quarterly Jan. Feb. July.	120 1/2	121 1/2	120 1/2	121 1/2	Do.....			44 1/2	53 1/2	44	53 1/2	Ohio Southern.....			—	13	10	12 1/2
6 1/4, cur'cy, 1895 reg.				120 1/2	121 1/2	120 1/2	121 1/2	East Tenn. V & G.....			8 1/2	10 1/2	8 1/2	10 1/2	Oregon Impt.....			46	55 1/2	45 1/2	54 1/2
6 1/4, cur'cy, 1897 reg.				124 1/2	125 1/2	124 1/2	125 1/2	Do 1st pref.....			64	64	59	64	Oregon R. & N.....			85 1/2	94	84	93 1/2
6 1/4, cur'cy, 1898 reg.				124 1/2	125 1/2	124 1/2	125 1/2	Do ad pref.....			17 1/2	23 1/2	17 1/2	23 1/2	Oregon Short Line.....			—	20 1/2	14	20 1/2
6 1/4, cur'cy, 1899 reg.				124 1/2	125 1/2	124 1/2	125 1/2	Fort Worth & Den.....			34	38	32 1/2	38	Oregon & Trans-Con.....			17 1/2	20 1/2	17 1/2	20 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Houston & Texas C.....			115	122	115	122	Pacific Mail.....			20 1/2	27 1/2	20 1/2	27 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Illinois Central.....			—	13 1/2	10 1/2	13 1/2	Peoria, Decatur & Evansville.....			16 1/2	23 1/2	15 1/2	23 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Indiana, Bloom. & Western.....			41	47 1/2	40 1/2	47 1/2	Philadelphia & Reading.....			53	64 1/2	51 1/2	64 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Lake Erie and Western.....			85 1/2	94 1/2	85 1/2	94 1/2	Pullman Palace Car Co.....			136	144 1/2	135 1/2	144 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Lake Shore.....			—	92 1/2	88 1/2	92 1/2	Rich. & W. P. Term.....			—	—	—	—
				124 1/2	125 1/2	124 1/2	125 1/2	Long Island.....			51 1/2	59 1/2	50 1/2	59 1/2	Rome, W. & Ogd.....			19 1/2	26 1/2	19	25 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Louisville, N. Alb. & Chic.....			—	36	31	36	St. Louis, A. & T. H.....			—	—	83	38 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Manhattan Consol.....			85	98	83 1/2	98	Do Do.....			—	—	—	—
				124 1/2	125 1/2	124 1/2	125 1/2	Memphis & Charleston.....			—	17	16	17	Do Do 1st pref.....			—	—	—	—
				124 1/2	125 1/2	124 1/2	125 1/2	Michigan Central.....			73 1/2	82 1/2	72	82 1/2	Do St. Paul & Duluth.....			106	111 1/2	105 1/2	111 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Mil., L. S. & W.....			84	92 1/2	83 1/2	92 1/2	Do Do.....			90	101 1/2	90	101 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Minn. & St. Louis.....			—	56	50	56	Do St. Paul, M. & M.....			94 1/2	106	94	106
				124 1/2	125 1/2	124 1/2	125 1/2	Mo., Kan. & Texas.....			4 1/2	9 1/2	4 1/2	9 1/2	Do Southern Pacific Co.....			—	—	—	—
				124 1/2	125 1/2	124 1/2	125 1/2	Missouri Pacific.....			—	10 1/2	9 1/2	10 1/2	Tenn. Coal & Iron.....			—	30 1/2	25 1/2	30 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Nash. C. & St. L.....			72 1/2	82 1/2	70 1/2	82 1/2	Do Texas & Pacific.....			21 1/2	27 1/2	20 1/2	27 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	N. Y. C. & Hudson.....			103 1/2	108 1/2	102 1/2	108 1/2	Do Union Pacific.....			49 1/2	55 1/2	48	55 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	N. Y. C. & St. L.....			72 1/2	82 1/2	70 1/2	82 1/2	Do Virginia Midland.....			12	15 1/2	12	15 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	N. Y. E. & W.....			—	68 1/2	65 1/2	68 1/2	Do Wabash, St. Louis & Pacific.....			21 1/2	21 1/2	21 1/2	21 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	N. Y. & New Eng.....			—	27 1/2	22 1/2	27 1/2	MISCELLANEOUS—			—	—	—	—
				124 1/2	125 1/2	124 1/2	125 1/2	N. Y. & Ont. & W.....			31	40	30 1/2	40	Express—Adams.....			140	140 1/2	137	140 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	N. Y. Sun. & W.....			15 1/2	18 1/2	15 1/2	18 1/2	American.....			108	110 1/2	107	110 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Do Do.....			—	—	—	—	United States.....			72 1/2	75 1/2	71	75 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Do Do.....			—	—	—	—	Wells-Fargo.....			133	139	132	139
				124 1/2	125 1/2	124 1/2	125 1/2	Do Do.....			—	—	—	—	Western Union.....			71 1/2	78 1/2	70 1/2	78 1/2
				124 1/2	125 1/2	124 1/2	125 1/2	Do Do.....			—	—	—	—	Silver Bullion Cert.....			—	—	—	—

THE
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BOND PURCHASES AND NEW INVESTMENTS.

The Secretary of the Treasury seems to be succeeding fairly well in purchasing bonds, and the question at once arises, what will be the consequence of the action on the holders of those obligations? Judging from the report of the bond market, investors, to some extent, are putting their money into other securities. If this, however, is generally done, then the sellers will have their money released, which will be put into other securities of less value, or will be used in other ways.

In the end, the money thus released will go into the form of new creations. If the outlook for business should become less favorable, this unemployed capital will be disinclined to embark in new enterprises, and will be visible in the form of bank deposits. But as these will earn little or no interest, the holders will be restive, and, after a short period, will doubtless put their money into new undertakings of some kind.

It would seem, therefore, that the direct consequences of the Secretary's action in paying the national obligations must be to set capital free, which will be used in new enterprises, and which will give a stimulus to business.

Into what undertakings is the capital thus released likely to go—railroads, banks, insurance companies, trust companies, manufacturing, building enterprises, or what? It is certain that capital will not long remain idle, even if only small profits could be

reasonably expected from using it. The owners will take the risk of employing it in some manner, instead of suffering it to remain idle altogether.

The inquiry is important—to what purposes or undertakings is this newly released capital likely to be applied? It has been predicted for some time that railroad building, for the next two or three years, would be slackened, and this prediction is based on substantial grounds.

In the first place, old roads that have been extending themselves, either by paralleling the lines of competitors, or by stretching into new fields, have nearly finished their work, for the present, at least. They have invested heavily, from which they confidently expect to get a return, though not in every case in the near future. But they have already called a halt, and for some time, at least, there will be less railroad building by them. The diminution in the profits of the older and larger companies will have the effect of lessening improvements on their lines, new stations, terminal facilities, and the like. In these ways, therefore, railroad construction will be lessened very considerably for some time to come.

Nevertheless, we believe that a considerable portion of the capital set free by the payment of the national debt will be expended in new railroad enterprises. There are large spaces in our country without railroads. The growth of our country is so rapid, and especially where the land or the mines promise rich returns, that new railroads would probably prove profitable, if not in the beginning, certainly within a few years after their completion.

The outlook for new manufacturing enterprises is less favorable. The product of machinery is so great and so diversified, that, with the extensions of the last two years, there is not much hope for enough remuneration to tempt capital in this direction; indeed, the prospect is that existing concerns will enlarge from time to time as demand increases, instead of forming many new ones.

The greater economy practiced by the old establishments possessing the best skill, and the needful machinery for distribution, diminish the chances of success of a new concern compared with former times. This remark, of course, does not apply to new enterprises based on new and useful inventions. Their chances are just as good as they ever were. But unless thus favored, the old concerns, with their perfected machinery for production and distribution, have such a clear advantage in the race that only the most venturesome would dare undertake a wholly new enterprise. We conclude, therefore, there is not much probability of the outflow of capital in this direction during the next few years.

Another field for investing capital is in house and store build-

ing. Rents in the cities and larger places are great enough to justify a very considerable outlay of capital in this direction. This especially is the case where persons have been holding unimproved property, on which taxes must be paid, and which is not improving much in value.

In the first place, land in every State has increased so enormously in value of late years that the time has come for tearing down the smaller and less commodious structures, and erecting new ones better suited to the wants of the business of the time. Moreover, the general introduction of the elevator, and the supply of steam and water power in cities, has wrought a remarkable change in the way of high building, whereby land is rendered far more productive, for building purposes, than it was a few years ago.

These are some of the channels in which the newly released capital is likely to betake itself. We are all constantly thinking of the revival of American commerce and shipbuilding. It might prove a great industry, as it was in the earlier years of our country, but so long as the tariff policy is unchanged, the outlook for shipbuilding and ocean-carrying is not brilliant. In a conversation with an eminent steel manufacturer, the other day, he said that if shipyards were fitted for making ships in the most economical manner, at least twenty-five per cent. could be saved in producing iron which is now used in building them. For example, blooms that are used for making plates are not specially prepared for that purpose. They are made at various rolling mills of the country, and are sent to other mills to be rolled into plates. If shipbuilders erected a plant for making blooms and plates in the most economical manner, not only would the profit of other manufacturers be saved, but the cost of making blooms and plates would, in a very considerable degree, be lessened. It is possible that, with the accumulation of capital, a certain portion may be willing to betake itself to shipbuilding, and adopt all the expedients for making ships which the best intelligence can suggest.

We have an extensive seaboard, and with light draft steamers, commerce could go in all directions through the country. The bills for transportation are so heavy, especially among the producers of iron and steel, that some of them are considering how these waterways can be better improved. To do this, however, means the expenditure of much capital, and in a few years it may be that, if unable to compete with foreign nations on the ocean highways, we shall have a very extensive commerce of our own along the seaboard and on our numerous rivers. A ton of steel rails is selling to-day at the factory for \$31.50. The cost to assemble the materials to make a ton of them, at one of the factories well located, is \$12.50, or 40 per cent. of the entire price. No

wonder that, under such conditions, the problem of cheapening transportation should be uppermost with the producers of this article. The wonder is almost as great, why have not manufacturers long since sought to find some method to cheapen their transportation bills? With the reduction of prices to such a low figure, water transportation must come into more general use; but then, again, if this is done, where will be their market for rails?

It is the old story over again; competition and the diminution in prices is sharpening the wits of men to newer economies and conquests over nature and over each other.

In these various ways new capital is likely to find employment in the immediate future. One thing is certain, it never long remains idle, and its employment will bring temporary, if not permanent activity.

OBJECTIONS TO POST-OFFICE SAVINGS BANKS.

A bill has recently been introduced in each house of the national legislature having for its object the establishment of post-office savings banks. These bills, with the exception of the entitling clause, are identical. It is reasonable to believe, judging from the addresses made at the hearing had before the House committee on post offices and post roads in advocacy of such banks, that these measures are being pressed by philanthropic ladies and gentlemen, who act, as such persons sometimes do, from impulse rather than from conclusions deduced from the careful study of a subject. No objection can be made to the statement as an abstract proposition, that the savings of the spare accumulations of the poor should be encouraged, to the end that they may provide for their families for reverses, or, in short, to encourage economy and thrift; but to ask that the National Government shall undertake the business contemplated by these bills is unwise, for the following reasons.

Experience does not teach that the Federal Government is the safest depository to be trusted with the savings of the people. The first bank of the United States was in existence but twenty years, and while profitably managed, having little or no competition, public sentiment sustained the defeat of the bill to re-charter the same. During the first three years of the second and last United States bank it came very near to bankruptcy. It was never a success. President Jackson very justly vetoed the bill granting it a re-charter. Such an institution would, undoubtedly, as it increased, tend to corruption, while its unlimited power in many respects might be directed to interfere with the banking privileges

of the people. It continued its existence under a local charter, until its entire capital of \$28,000,000 was lost; the stockholders received nothing. Had its charter been extended by Congress to the present time, with a capital bearing the same proportion to the wealth of the country that it originally had, it would require a capital of \$600,000,000, many fold larger than the combined wealth of the Bank of England and of France.

A pertinent illustration of the possible result of an attempt to introduce a savings bank system of a *quasi* governmental character in this country may be found in the history of the "Freedmen's Savings and Trust Company," which was created by Federal law, March 3, 1865, with authority to establish branches. The following May the headquarters were located in New York, and numerous auxiliaries, presided over by commissioned and uniformed officers, were instituted, more especially throughout the Southern States. The pass-books contained this statement: "The Government of the United States has made this bank perfectly safe." Undoubtedly the Government was derelict in exercising no supervision over its affairs during an existence of nine years, and when such action was taken, the defalcations could not be remedied. The report of the Commissioners appointed by Congress to make an investigation contains, among other statements, the following: "A more perverted arrangement could scarcely have been devised by human ingenuity, if the design had been specially directed to obscure the transactions of the institutions." The liabilities of the concern at the time of the failure were \$3,037,560, payable to sixty thousand two hundred and forty-two claimants. The Government, by purchasing the building owned by the bank at a high price, and in other ways, has aided in increasing the assets, but the last and final dividend declared makes the total payments to its creditors only sixty-two per cent. The Comptroller of the Currency has repeatedly recommended that Congress should make provisions for the payment of the thirty-eight per cent. still due depositors. In a recent report he says that, from the gradual diminution of the amount called for on account of dividends declared, it is estimated that the sum of \$950,000 would cover the difference between the amount paid and the amount to which the creditors likely to call for the same were entitled at the time of the failure. In conclusion he says: "There never was but one Freedmen's Bank. There never will be another." A bill appropriating \$1,000,000, or so much thereof as may be necessary, has already been introduced in the House of Representatives to accomplish such result. It seems reasonable to ask that the innocent depositors should not be compelled to suffer by reason of the gross carelessness in national legislation which did not create sufficient safe-

guards to prevent the squandering of the funds of the institution. At least the Government should make good the deficiency, made possible by reason of its own negligence, before it entered upon the formidable task contemplated by either of the bills mentioned at the beginning of this article.

It was stated at above-mentioned hearing that there are but four savings banks south of Mason and Dixon's line. Institutions doing a savings bank business, wholly or in part, exist in the Southern States to the number of one hundred and seventeen, with an aggregate surplus of \$3,243,900. These banks have come into existence in twenty years, and the amount held by them on deposit is estimated at one hundred millions of dollars. The City of Charleston has five savings banks. It may be added that there are during the present time, in the State of Massachusetts, one hundred and seventy-three savings banks doing a prosperous business. The census of 1880 showed that there were four hundred and twenty-two savings banks in New England; thus affording to that portion of the country one such institution for every 9,436 inhabitants. It was also alleged in favor of the bill, that there had been failures of State savings institutions, very notably in New York, and two of the members of the Charities Aid Association of that State asserted their organization found that one of the influences demoralizing the poor was the losses incurred by them growing out of these failures. It was further asserted that State laws were futile, and that the interference of the State, as a protection to depositors, was a delusion. Consequently, it was urged that each State should repeal all its laws on this subject, or take the securities and guarantee the funds; although it was said that neither course seemed to promise the desired relief. The United States Government, however, had, it was stated, the machinery by which, with but little expense, the savings of the poor could be taken with unquestionable security. An answer obtains to all these statements. No failure has occurred of a savings bank in the above-named State of any importance, nor where the depositors were not paid in full, in nearly eleven years. Consequently, the demoralization is not of a recent character. If this statement is true, the laws of the State are effective, and its interference has afforded, during the time mentioned, perfect protection to the creditors of savings institutions. No necessity then exists that these deposits should be seized by either the State or National Government for the purpose indicated. No one, other than several of those who advocated these bills, ought to be more cognizant of the fact, that the insolvency of the savings banks of that State was due to the laxity of its Legislature from year to year in granting charters, which permitted trustees, under what was termed the

"available fund clause," to invest a certain amount of the deposits absolutely at their discretion. The desire on the part of the trustees of several of these institutions to excel in deposits induced the payments of large dividends to depositors, who would naturally place their money in the bank where the largest profits were apparently realized. Large dividends could only be paid through hazardous investments, and when the great commercial depression, beginning in the year 1873, occurred, savings institutions, as well as those of every character, were affected. But while in Great Britain large failures were directly due to deliberate thefts on the part of their officers, no such disgraceful accusations can be made in connection with the insolvencies of the banks of a like character in that State. Because at this time there were exceedingly lamentable failures of life insurance companies, it does not follow that a beneficent system of providing for old age or the dependent should be abandoned. No one will claim that, during the fifty-three years prior to the year mentioned, such savings banks were otherwise than prosperous, and all those who drew their money before the year mentioned were paid on demand. But the dangerous exercise of legislative discretion has ceased, and can never be renewed without a change in the fundamental law. In 1874, by a vote of the people, the constitution was amended to the effect that the legislature should, by a general law, conform all savings bank charters to a uniformity of powers, rights, and liabilities, and all charters hereafter granted should be made to conform to this law. A general law was adopted with the most satisfactory result; so much so, that the deposits have increased during the last six years at the average rate of \$26,329,268. The amount due depositors at the present time is more than five hundred millions of dollars, while the surplus to their credit, on January 1st of this year, was the additional sum of eighty-five millions of dollars. In Massachusetts, during that time, such annual increase has been \$11,436,617, and in other States like gratifying results are shown.

The plans proposed would involve considerable expense for pass-books and other stationery. Losses would occur both through the dishonesty of agents and the frauds of dealers. It would largely increase the number of subordinates in the larger post offices, despite the growing sentiment which exists that the number of public place holders is too large, and that the Federal Government has more than enough patronage at its disposal without further increase of its responsibilities, and of the incidental temptations to corruption.

Savings institutions have not been established in some localities, because there is no general demand nor imperative need for them. In all sections of the country where the population is dense, there

are various provident organizations analogous to savings banks such as building, mutual loan and accumulating fund associations, while in those portions where the people are scattered, there is always a pressing demand for money; and an investment with the Government at the only rate it can afford to pay, viz., two per cent., is not desirable to those who in such localities can obtain as high as from seven to twelve per cent. Local deposits would be more advantageously used for the benefit of a locality than if deposited in postal savings banks, where it would remain dormant—like money invested in Government bonds—at the present time. When deposited in State savings banks the money is at once loaned or invested, and business enterprises are promoted. Those who receive it necessarily use it in paying their employees as well as in other ways, and by such employees it is to some extent re-deposited in the savings banks, to be loaned again, and thus the money becomes a ceaseless current, invigorating channels of trade and industry. The savings of the poor should be used, so far as may be, to directly aid the poor from whom it is received. Nowhere in the world are savings bank methods so well understood and appreciated as here.

It may be an extreme, but, nevertheless, it is a possible supposition, that in a time of great commercial distress, while the Government is engaged in a war which compels it to exert every effort to maintain its credit, the requests made by frightened depositors for their money, necessarily payable on demand or on short notice, might not be easily met, and thus the credit of the nation might be greatly hurt; while, if the liability mentioned did not exist, no such injurious result could thus happen.

A momentous question asked by the writer at the above-mentioned hearing met with no response: What is to be done with the deposits received in accordance with the proposed system? They must necessarily be invested in the Government debt. But is a debt to be perpetuated, to the end that the Government may engage in a charitable pursuit? The nation's debt will probably be paid in twenty-one years; but admitting that a new and long time series of bonds may be issued, the accumulations of the deposits might in time be equal to the whole of such debt. If this were the case, the Government would be compelled to buy precisely the same securities that savings institutions now purchase. It must do this to pay interest, which cannot be given unless it is earned, and if interest is not paid deposits will cease. At the present time, judging from the most reliable data that can be obtained, the amount due depositors by the savings banks in this country now aggregates as much as the entire interest-bearing national debt, and within four years, estimating the average rate

of increase of the one and the decrease of the other during the ten years last past, the latter will be less than the former by five hundred millions of dollars. Why should interest be given for money which is not needed and cannot be used with profit?

It was urged with much emphasis at this hearing that postal savings banks have been successful in Great Britain. This is quite true. The population is compact, and it is in accordance with the paternal doctrines of the Government of that country that the possessions of the people shall be as much as possible under the control of the ruling power. But this is not the theory underlying our political and social systems. The post office there is necessarily a part of the domain of the crown. Two kinds of savings institutions now exist in the United Kingdom: one old, the trustee system, the other new, the postal. In the old form, savings banks are usually governed by trustees and managers, who invest the moneys deposited in savings banks with the Commissioners for the reduction of the national debt, in sums not less than £50, retaining in their hands such amounts only as may from time to time be required to meet the demands of depositors. In the new form the Government receives the deposits through its own officials, invests them in the consolidated debt, and agrees to pay $2\frac{1}{2}$ per cent. interest. When the new system went into effect, six hundred and thirty-eight trustee banks were in existence; since that time only fifteen new ones have been created, while two hundred and thirty (more than one-third), have been closed. The aggregate amount deposited in the trustee savings banks is only \$225,000,000, and is not proportionably increasing. It is not an unreasonable deduction that the competition of the Government with local enterprises would produce like results here.

By an Act of Parliament passed in 1868, the Postmaster-General was authorized in his discretion to buy, under certain conditions, the whole or part of the assets of any telegraph company. Extensive purchases have been made, but while the revenues received by the Post Office from its telegraphic service during the year ending March 31st, 1887, was £1,887,224, the expenditure was £2,030,647, exclusive of the interest on the capital sum of £10,880,571 paid for the purchase of the telegraph lines. By a statute adopted in 1882, the same official was given legal authority to insure the lives of persons, and to grant annuities. The number of contracts in existence under this law, December 31st, 1886, was of immediate annuities 9,691, deferred annuities 857, and of life insurances 5,485. If our Post Office department is to be made a savings bank, consistency demands that it engage in the business of telegraphy and insurance, and why should not the Government engage in the occupation of carrying passengers as well as letters, news-

papers, and merchandise, as some socialists demand? No law should be enacted which will encourage agitators who, having been educated under centralized forms of government, come here advocating in their party platforms and journals such governmental ownership.

In this country, where demagogues have such ample scope for the exercise of their calling, it is of moment to state that the adoption of the proposed system would give them wide opportunity for the display of their abilities. In France, as well as in our neighboring Dominion, it is already a source of complaint that those in power pander to popular desires by disbursing, or declaring their desire to disburse, to depositors of postal savings banks, larger rates of interest than the Government can equitably pay, or that can be fairly paid by the other banks. Of course, the authorities in those countries naturally desire to have in their possession large sums of money, and the old adage connecting the thief with the opportunity may have verification.

No doubt, the discoveries of the uses to which steam and electricity may be put, have, with other material agencies, aided in the present tendency to break down State lines. The results of the effort to preserve the integrity of the nation have more especially created a drift to paternalism which is to be deprecated. Some proposed laws, now before Congress, which receive strong support, manifest a far-reaching absorption by the national commonwealth of powers which the founders of our system of government never contemplated, and which a reasonable interpretation of the terms of the written constitution of the Union indicates, are wisely reserved to the States as such, and to the people as individuals. A proper regulation of the two opposing forces, the centrifugal and the centripetal, maintains a true equilibrium, and for the last twenty-five years the latter force has been over-exercised, and the former weakened by disuse. The exercise of local self-government is the right, it is more, it is a necessity for the American citizen.

WILLIS S. PAINE.

BANK LEGISLATION.—In several numbers of the MAGAZINE we have published most of the bills introduced this session of Congress relating to the National Bank Act. Some of them possess considerable merit. Both good and bad, however, are likely to share the same fate. Whether the code recommended by the Comptroller of the Currency, and which is now in the hands of the Committee on Banking and Currency, will fare better, is doubtful. The probability is that all measures touching this subject will not receive much attention at the present session.

A REVIEW OF FINANCE AND BUSINESS.

CAUSE OF THE CONTINUED DEPRESSION.

Continued unfavorable and unseasonable weather during the month of May, has extended the period of business depression that commenced with the New Year, into the summer months, or over nearly half the year. The extent and depth of the effects of these conditions of weather are something beyond estimate, as well as the losses entailed upon all classes of trade and upon every industry. Merchants complain of the decreased demand for goods of all descriptions, in every direction. Manufacturers feel it in the falling off in the movement of their wares into first hands, and in their accumulation in their commission houses, or agents' hands, and New England woolen mills are beginning to stop. The railroad, and all other transportation companies, show it in reduced earnings on the distribution of goods from the East, as well as on return freight to the seaboard from the West and South. The farmers of the country, who have been impoverished by the low prices of farm products for the past three years, to a point where they have been able to consume less than half the manufactured goods of the East that they take in good times, are now threatened with another short-crop year, following the last. The railroads are threatened in consequence with another bad year of small surplus crops for export to give them their East bound business. And, finally, the workmen of the great iron industry, which is the accepted barometer of general trade, are feeling, in lockouts or reduced wages, the effects of the unprecedentedly unfavorable climatic conditions that have paralyzed trade and industry, agriculture and commerce, the past five months.

The memory of the oldest inhabitant fails to recall a parallel for such universally unfavorable business and crop weather, extending over such a protracted period, as the first half of the year 1888 has furnished.

NEARLY ONE-HALF THE YEAR'S BUSINESS AND PROFITS GONE.

There may be other and side causes for the unprecedentedly disappointing results of this year's business. But they are of minor importance, and we need look no further for the root of the evil than in the weather, which has delayed spring trade until it is lost. For it is a well-known fact among merchants, that business delayed beyond its season, for any cause, is never recovered. When spring trade, therefore, is delayed, as this year, into summer,

there is no making it up. Hence the country is now waiting for fall trade, when most business men hope to be able, during the last half of the year, to reduce the losses of the first half, which is virtually gone, because the extra expenses and small margins on which it has been done, leave little, if any, profit thereon.

THE SOUNDNESS OF COMMERCIAL AFFAIRS.

The soundness of credit, and the ability of commercial circles to stand this loss of trade and profit, is due to the absence of speculation for a rise in anything but those staples in which speculation is organized, to furnish the chief business of the Commercial Exchanges of the country. It shows the absence of over-trading and stocking ahead of prospective wants on credit, in anticipation of higher prices. Had this been the case, bills for the purchases, made on the last of last year and the first of this, in expectation of a good spring trade, would not have been met when due, and extensions, and distrust, and failures would have followed.

Another reason why no serious trouble has arisen is that prices are and have been very low for the past three years, and it requires much less capital to do business now than formerly. Hence old houses, that have kept their capital intact for the past ten years, have more than is required now, as goods are 25 to 50 per cent. lower than then. Beside, prices are too low to admit of much decline, and merchants have thus had an old-time source of heavy losses from depreciation of goods removed. No better foundation for general and permanent prosperity could exist than this, and it will tell when the power of consumption is restored to its normal condition again. It is under-consumption, not over-production, from which the country is suffering just now; and this is due to temporary, more than permanent causes, although their effect will necessarily be felt for a year to come; for such losses cannot be made good in a day. Neither can a bad crop be followed by generally good times the next year.

THE PROSPECTS OF IMPROVEMENT.

While the prospects of immediate and general improvement are not, therefore, very brilliant, they are by no means so bad as present conditions would seem to indicate. The fact that stocks of all kinds, in second and third hands, or rather in the wholesale and retail trade of the country, are small, will compel their early and free buying for fall trade during the summer. While the fact that the consumers of the country, who bought less last spring than usual, because of the backwardness of the season, will have more means to spend this summer and fall, insures a better trade than usual from the moneyed classes, whose incomes are not cut down

by reduced dividends on railroad and manufacturing and other stocks, as well as from the working classes, who have been profitably and fully employed. This ought to be a fair offset to the decreased demand from those whose dividends have been reduced, and whose wages or employment have been curtailed. The chief "If," however, is the outcome of this year's crops, upon which more now depends than upon all else, the "Presidential Election" and "Tariff Changes," those old-time bugbears to business, to the contrary notwithstanding. These may be classed, as compared with the crops, as among the minor and side issues for the balance of the year, as they have been, compared with the weather, during its first half. For no party, or policy or law even, can long stand in this country that proves disastrous to its business interests, no matter how completely or often the politicians and economic Fire Eaters on either side may "ruin" it. There is always some hesitation in the manufacturing interests affected by any proposed changes in the tariff, due to the suspense attending its discussion. But it will end, with final action, when these industries will all adapt themselves to the new order of things. No party on the eve of a Presidential election is going to ruin any industries to lose the support of the business men and capitalists owning them, or the votes of the employes operating them, by reducing the profits of the former and the wages of the latter.

THE PRODUCE MARKETS AND PRICES.

This is foreshadowed in the upward movement in the prices of produce in the speculative markets of this country, which have at last turned bullish again on these prospects, in anticipation of a second successive short crop year. We had a short-lived and not financially successful speculation of this kind later in the season, last year, based upon the short crops in this country. But that was the first short year following several long crops, except of corn, and hence the speculation for a sharp rise was not maintained in wheat, while it was in corn, for, in the case of the latter, it was the second successive short crop. This year wheat will be in the same position; and the advance already predicated thereon, while pretty early, and possibly premature, will be likely to be maintained on the last half of the crop year, if not on the first half, as the prices of corn were a year ago.

The chances that the prices of provisions of the past year will be maintained at the advance, as in corn, are also good, and the speculative sentiment is as general now that 1888 is to be a bull year, as it was a year ago that the prices of produce had gone down to the level of 1885-86 to stay. This applies to all agricultural products that have been selling at or below the

cost of production, or too near it to leave a margin of profit to the producers, that brings them prosperity, and with them general prosperity, which in a surplus agricultural producing and exporting country like ours, alone can come when the farmers are prosperous.

EFFECTS OF AGRICULTURAL DEPRESSION.

Here is found the reason for the failure of our country to recover from the depression of 1882 to 1885, as it did from that of 1873 to 1876. From 1877 to 1881 the manufacturing interests followed the agricultural in the recovery, and the country was never more prosperous than then, when, and because the farmers were getting good prices for their products for export, and were able to buy the goods of the manufacturers in increased volume at advancing prices, which gave the railroads both East and West bound traffic, and everybody was employed at good wages, and capital at good dividends. The farmer's prosperity meant the prosperity of all, and Europe was paying for it.

From 1886 to 1888 the manufacturing interests led the recovery from the last depression, and they and the railroads got the entire benefit thereof. While the farmer was still getting the lowest prices on the depression for his products, and our export trade was the smallest in years, even at such abnormally low prices. As a result, the recovery of manufacturers and revival of railroad prosperity was but short lived, and is fast being lost, as low prices have nearly ruined the farmers of this country, who have been working for the railroads and the consumers of the East and of Europe for nothing until they can buy their manufactures no longer.

UNREASONABLY LOW PRICES DO NOT STIMULATE DEMAND.

This is also one cause of the lack of demand for our products, and the loss of our export trade; for prices so low as not to yield a fair margin of profit to capital or labor, do not increase, but actually diminish the consumption of the combined products of that capital and labor, by withholding the means, from the entire community effected by this loss of profits, for purchasing anything but the bare necessities of life, and only the minimum supply of those. Hence it is that the reduction of wages below a reasonable point in times of depression, only increases and aggravates that depression, by still further reducing the power to consume the products thus depressed.

That is just what has been done by the labor and capital engaged in agriculture, until the prosperity of the whole country has been involved. Of course, there are other causes, fully explained in this column the past year, underlying these, which have helped

to bring about abnormally low prices the world over for farm products, until most agricultural exporting countries, like our own, are in about the same condition, as well as the farmers of the agricultural importing countries of Europe, all of which are on the verge of bankruptcy, except where land and labor are equally low.

BETTER PRICES FOR PRODUCE AND BETTER TIMES.

The prospects of better prices for produce the coming year are, therefore, better for business in general, even if in part the result of smaller crops, as shown above, for the greater the crop when raised without a profit, as for three years past, the greater the loss to the producer, and hence to the country. Neither producer nor consumer in any country can live at the expense of each other without paying back the unfair gain with interest doubly compounded by consequent decreased demand for their own products. The result between different countries cannot be different, though longer in developing its effects.

As the revival of the iron industries is regarded as the effect of recovery in general business, so are good times among the farmers the forerunner of general prosperity. Good prices insure a free movement of the crops at good rates to the railroads, and good crops a large tonnage as well as good freights, which are both indispensable pre-requisites to a good demand from the railroads for new plant, rolling stock, and extensions upon which the iron industries depend more than upon anything else.

WHY MANUFACTURING INDUSTRIES ARE DEPRESSED.

Here lies the cause of the present reaction in the iron trade from the partial recovery of 1885-87; and it cannot be permanently prosperous while agriculture is not. The same is true of all other manufacturing interests, and where not a specialty or subject to special conditions. Hence the suicidal speculative mania of the past few years for lower prices in order to stimulate consumption, and hence demand at home and abroad for our products, both agricultural and manufactured, has only lessened what we might otherwise have had, at remunerative prices.

To encourage a decline in anything a nation has to sell, below reasonable prices, is, therefore, the sure road to bankruptcy, as it would be for an individual to depreciate the value of his stock of goods below cost, and to tell his customers to use as little as possible, and wait as long as they can before buying, as the longer they do so, the cheaper they will buy. This is just what the wreckers in American produce have been doing for four years, until they have mortgaged the large majority of the farms in the United States to the Farm Loan Companies in the East, and helped Europe to buy our goods at the lowest possible prices,

while bemoaning the loss of our export trade, which they drove away by corners and unreasonably high prices from 1879 to 1882, when the Bull craze was the fashion, and have kept away by their speculative option system and its premiums on futures, which have offered a standing bonus to speculators to sell the farmers' products down as cheap as possible, and to exporters to buy in every other country, since 1885, while the Bear mania has been in vogue.

RAILROAD EARNINGS, IMPROVEMENTS AND SECURITIES.

This condition of things is reflected in the decreased earnings of the railroads, and the unsettled stock market. It was thought that the interruption of the blizzards and snow blockades of last winter would result in accumulations of freight that would come forward after the raising of the blockades. But this has not been the case, and railroad earnings have continued to show a falling off since the new year, with a few exceptional cases. To such an extent has this gone, that some of the strongest roads, financially, in the country, and the best managed practically, with the best local and through traffic, running through the best country, have ordered all improvements not under contract to be stopped. To illustrate, we clip the following from one of the daily papers:

"The Pennsylvania has issued instructions to stop all new work which has been mapped out on lines west of Pittsburgh. The double track work on the Pan Handle division between Columbus and Pittsburgh has been stopped, and the appropriation of \$150,000 for new shops at Columbus and Dennison has been canceled. The entire equipment programme for the entire system West has been cut down, and instead of building fifty-four locomotives, as proposed at the first of the year, but thirty-three will be constructed. This is all on account of the letting up in traffic, which, Mr. Miller says, shows no indication of improving."

With the present prospects there are but little hopes from the growing crops. Notwithstanding this uncertainty surrounding the share speculation, there is still a good investment demand for railway mortgages. It is difficult to obtain large lots of any desirable bonds at the Stock Exchange, and negotiations for round amounts outside, at figures anywhere from half to one point above the board quotations, are steadily made, and the bankers and commission houses making a specialty of investment business have liberal orders booked ahead.

THE MONEY MARKET AND BANKS.

This demand for bonds of railways is due to two causes—the rapid redemption of Government bonds by the Treasury, and the distrust of railway stocks by investors, who are forced to put their money into something, or let it lie practically idle in the banks at 1 and 2 per cent. on call, and proportionately low on time

loans. The activity in the railroad bond market, and the rapid increase in the bank reserves, show they are doing both. There seems to be a prospect of these conditions, through the summer, at least, and the only outlet to our glut of money to be in exports of gold, which were predicted in this column months ago, before rates for and employment of funds began decreasing. Europe, meantime, has advanced the rates of discount, on better trade in England than here. The outflow of gold is checked temporarily, however, by the placing of the Baltimore & Ohio and Reading loans on the London market, which will probably reduce sterling exchange for some time to come below a gold exporting point, and remove any danger from that source, if any existed, for the present. But it is a curious coincidence, with money going begging here, and rates advancing in London, with New York exporting gold and a scarcity of investments here, that two of our largest corporations should be compelled to go away from home to raise loans that could not be floated here.

THE COTTON MARKET AND CROP.

This market has been a repetition of all speculative markets after the collapse of a big corner, and the losses and timidity following. It has been a dull, dragging, and unprofitable staple to touch, except by those who bought for actual wants. Exports have kept well up, considering the heavy outward movement of last fall. But this was a necessity after the end of the Bull movement here, as no one had confidence, or money to risk in carrying it for a rise, and the unexpectedly heavy spring receipts had to go to an export basis, after nearly half a million bales in excess of the Government estimate were added by these receipts to the last crop. It was this which killed the Bull movement in cotton this year, as it was the 30,000,000 excess over the Bureau's estimate of the 1886 wheat crop that broke the Cincinnati clique's back last year. This year's crop prospects are hardly developed enough to make any speculation thereon, as yet, though the unprecedented floods in the upper Mississippi River must do damage below, as well as the late spring.

Ocean freights continue as depressed as ever on continued light exports, and coal is being taken more largely on this side for the back trip than ever, in place of on the other side for the round trip as ballast the other way. The *Commercial Bulletin* is authority for the statement that foreign steamers took 1,000,000 tons of soft coal at New York the past year practically for ballast. The retail trade of the city and country in all branches has suffered to the same extent as has the wholesale and jobbing, shown at the beginning of this article. Warmer weather may help them a little the coming month.

FINANCIAL FACTS AND OPINIONS.

The Silver Certificates.—Among the various bank bills are several relating to the use of silver certificates. The history of the silver coinage since their introduction is interesting. Their issue was authorized in the appropriation bill of 1886. At that time the people had absorbed about all the silver dollars they wanted. The amount circulating at the end of July, 1886, was \$54,120,362. The highest point reached was in November last, when the amount which was increased at the end of last February to \$60,611,864. was nearly four millions more. Since August, 1886, however, the certificates have been absorbed twice as fast as the coinage of the dollars. The issue was confined to large denominations until August, 1886, and reached only \$87,564,044. There are now in circulation, as appears by the April Treasury statement, \$212,743,041, and after deducting \$18,316,109, in the Treasury, the amount outstanding is \$194,426,932. As the total amount of silver dollars at that time was \$239,480,813, it follows that the net silver in the Treasury but slightly exceeds \$45,000,000. Thus in the form of silver certificates a large amount of silver has been put in circulation, and without objection by the people. It is hardly probable that this amount of silver dollars could have been put into actual circulation without difficulty.

The Basis of Bank Circulation.—In Senator Farwell's speech on this subject, one point was made which is worth consideration. After remarking that we must abandon all idea of a security based on the national debt, as the country would not tolerate the continuing of the debt for the purpose of preserving the bank circulation, he inquired what basis could be adopted in place of the Government bonds which would be expedient both for the Government and people. He declared that he was in favor of the largest possible bank circulation which could be redeemed in gold on demand, and that no circulation could be too large which was redeemable in this manner. He maintained that the rapid decrease of the national bank circulation was due to the fact that the banks were unwilling to buy bonds which commanded so large a premium as do all the Government obligations at the present time. Therefore another basis for bank circulation was needful, or it must be abandoned altogether. The third section of the bill introduced by him provides for the substitution of other forms of indebtedness than national as the basis of bank note circulation. This portion of the bill reads as follows:

"To enable the national banks to maintain their circulation and to increase the same, and to prevent the ultimate destruction of said banks, by the payment or purchase of the national debt, the Treasurer of the United States is hereby authorized to receive from them, to secure their circulating notes, an amount equal in value to the coupon or registered bonds so purchased, canceled, and destroyed, any State, county, or municipal bonds (of the United States) upon which interest has been heretofore promptly paid, and whose market value is equal to or greater than their par value, bearing interest at a rate of not less than 4 per cent. per annum: *Provided*, That the Treasurer of the United States shall not receive such State, county, or municipal bonds at more than 75 per cent. of their par value: *Provided further*, That the Treasurer of the United States shall not receive such State, county, or municipal bonds until such bonds shall have indorsed upon them the approval of the Secretary of the Treasury, the Treasurer of the United States, and the Comptroller of the Currency."

The question may be asked, why limit the banks to municipal obligations? Is this form of indebtedness any safer, for example, than that of the older railroads, which, beside their faith, own a large amount of valuable property? There was a time when, perhaps, such security would have been considered hazardous, but times have changed. There are many millions of railroad bonds of the highest character, issued by old companies which have never failed to pay dividends, and which are based on real security worth two or three times the face amount of their obligations. If the banks were permitted to buy the bonds of completed railroads, which had paid dividends regularly for a period of ten years, and which had issued them to an amount not exceeding half their valuation per mile, would not these be safe enough for a basis of circulation? Certainly, if the Government guaranteed the payment of the notes, the note-holder would be safe; just as safe, indeed, as he is now; the Government would alone take the risk. But if a tax were paid by the banks annually for the privilege of note-issuing, the Government could well afford to incur the risk thus undertaken. It might be called a risk, but it would not be so great as the taking of the municipal bonds described by Senator Farwell in his bill. As said before, the people would be safe enough under such a plan, while our Government, having been paid for insuring the payment of the notes, could well afford to incur the risk. In our judgment, Senator Farwell's plan is worthy of consideration. The national banking system is certainly preferable to any other that our country has ever had, and the maintaining of a circulation is an important thing, especially with the smaller banks, located in places where deposits are small and slowly increase. The city banks can flourish without having a circulation of any kind, but this is a very important source of profit to the smaller banks. Their formation should be encouraged in every way, for their worth to the community is inestimable, and

therefore a good service is done whenever a measure can be properly matured which shall provide an efficient circulation for them whereby their organization and maintenance shall be encouraged.

Bank Insurance.—The recent embezzlement of the assistant cashier of the Park National Bank of New York has awakened the very old-fashioned discussion concerning their prevention. No perfect safeguards can be found, of course, but it is practicable to adopt methods which would be, to some extent, more effective than the existing ones. The experience of the Government in accounting shows clearly enough what may be done in the way of rendering such occurrences less familiar; in other words, to adopt the more elaborate machinery; for, the more hands through which money passes, the greater is the difficulty of perpetrating frauds. Therefore, by establishing new offices, by rendering the accounts more elaborate, it is not so easy for conspiracies to be formed whereby banks can be robbed of their funds. It is true, two or three consequences are involved in the introduction and use of more elaborate machinery. One is the expense, and another is the time needful for the working of it. The expense is a small item, especially with a large bank, but the delay in accounting, especially in establishing more safeguards whereby the time of customers is consumed, is quite a serious matter; so serious, indeed, that many banks prefer to run the risk rather than to delay their customers. There are some places, however, in a bank where additional safeguards can be introduced into the book-keeping, or into the correspondence, which it would be well worth while to consider. It would seem that in the National Park Bank case the assistant cashier had charge of the correspondence so completely that he could do quite as he pleased in the manipulation of letters and of funds. Certainly, the work could be divided among several without much, if any, delay in the transaction of business. These affairs are very serious. The loss to the particular bank is very slight compared to the shock received by the entire banking community. They are all alike interested in perfecting the system. If the element of faith cannot be entirely banished, it can be surrounded in many ways by more safeguards than exist at the present, and these should receive the attention of every banker.

Discount on Woolen Goods.—An association has been formed among the woolen manufacturers for the purpose of fixing the discounts which should be allowed on their products. They have not gone so far as to form a trust to regulate prices and quantity of production, but what they really wish to do is to eliminate one of the elements in competition, for that, after all, is the real

object of the movement. They virtually say, let us make and sell whatever we please, and at whatever price, but let us agree that we shall do precisely the same thing in giving credit. Nothing injurious is likely to come, either to the trade, or to any interest particularly, from such an agreement; the movement is especially interesting because it is in the same general direction of lessening competition. In a recent article on trusts we discussed the good and evil of them, and we do not intend to go over the subject here; we wish simply to remark that this movement among the woolen manufacturers partakes to some extent of the same character. One of the needs of the producing class is the strengthening of credit facilities; in other words, of insuring themselves more perfectly against loss. If concerted action among the woolen manufacturers should effect this end, it will be a good thing.

Cheapening of Products.—Mr. David Wells, in his series of articles that have just been concluded in the *Popular Science Monthly*, discusses some very interesting questions concerning the cheapening of products to the consumer in the future. One thought, by no means new, but none the less interesting, is that it probably lies in lessening the cost of transferring goods from the producer to the consumer. Several persons intervene between the two classes, each demanding a profit for the effort he has put forth in buying, holding, and selling them. Again and again it has been asked, why cannot some of the processes be eliminated, and the two classes be brought more nearly together? Formerly they were needed in order to obtain the credit needful for producing goods, but with the accumulation of capital, there is less need of commission houses and other distributing agencies, since the manufacturer, to a considerable degree, can sell directly to the jobber or large retailer. We suppose there are many retail concerns in the United States which buy from the manufacturer, thus saving the profit both of the commission house and of the jobber. This is likely to be more and more the case as capital increases, and manufacturers grow rich and independent. But another noteworthy economy will be in the lessening of profits of the retail houses themselves. A great advance has been made in this regard. The larger houses are able to sell at a much smaller profit than they did a few years ago, and other smaller concerns are obliged to follow in the wake to retain their business. Mr. Wells' remarks on this subject are well worth giving. "The fact that in no country do the masses ever experience as much benefit from a fall of prices as they would seem to be fairly entitled to, owing to the great difference between wholesale and retail rates, and that this difference is always greatly intensified in the case of the poor, who purchase in small quantities, clearly

indicates one of the greatest, and, as yet, least occupied, fields for economic and social reform. Flour, in the form of bread, costs usually three times more, when distributed to the poorer consumers in cities of the United States, than the total aggregate cost of growing the wheat out of which it is made, milling it into flour, barreling, and transporting it to the bakeries. The retail prices of meats are enhanced in like manner; and investigation some years ago showed that when anthracite coal was being sold and delivered in New York City for \$4.50 per ton, it cost the people on the East and North Rivers, who bought it by the bucketful, from \$10 to \$14 per ton. Similar results are noticed in all other countries. Out of every £100 paid by the consumers of milk in London, Sir James Caird estimates that not more than £30 finds its way into the hands of the English dairy farmers who in the first instance supply it. In the case of some varieties of fish—mackerel—the cost of inland distribution in England has been reported to be as high as 400 per cent. in excess of the price paid to the fishermen. Eggs, collected from the farmers in Normandy, are sold according to size to Parisian consumers, at an advance in price of from 82 to 200 per cent."

Quincy Railroad Dividend.—The small dividend of one per cent., passed by the Quincy Railroad, is an unwelcome outcome of the great strike by its engineers. Even that, it is said, has not been earned. The loss seems a heavy one, but that is by no means the final result of the controversy. A deeper question is, what will be the effect of this loss to the railroad company, and the loss of earnings to the engineers. Every strike, whether successful or not, leaves its indelible lesson, and this strike is not likely to prove any exception to others in this regard. Turning to the engineers, it may be said that, deliberate as they were before engaging in this warfare, they doubtless will be slower before beginning another. So, too, the railroad company, having paid very dearly for this experience, may think it worth while to be more conciliatory in the future in dealing with its employees. It took British employers and employed thirty years to learn the consequences of a strike; but we think the judgment may be fairly pronounced that, in the future, we are to hear less about strikes in that quarter of the world. So in this country we are now passing through the striking period, and, while they seem to be very foolish from most points of view, like wars between nations, yet by no easier or simpler method can the two classes, seemingly, learn wisdom. So these events, unwelcome as they are, must take place; but a strike so heavy as this, lasting so long and becoming so costly, is likely to yield a more valuable lesson, perhaps, and one longer remem-

bered, than a shorter one. Happily, the stock of the railroad company is owned for the most part by persons who will not suffer seriously from the diminished income, while the same thing, too, may be said of the engineers, that they belong to a class who can sustain the loss perhaps more easily than almost any other. This must be set down as one of the heaviest losses incurred in a strike; we wish it would prove the last.

Railroad Pooling.—The effect of establishing the Inter-State Commerce Law at first was to increase on many lines, or parts of lines, the rates for transporting freight, so that in a general way it may be said that the railroad companies profited largely by the measure. Now, however, that business has passed under a shadow and fallen several degrees, and competition for whatever exists has become keen among the transportation companies, they are resorting to their old devices of cutting rates. This is done, not directly, by making lower rates and thus violating the law, but by granting rebates, by turning shippers into agents, and other devices of a similar character which the transportation companies have easily invented. In other words, the law in prosperous times has enabled the transportation companies to do a good thing, while now, in the evil days, it is not proving much of a barrier to their old practices. The Inter-State Commission are wrestling with these violations—for, of course, they are such—yet we imagine they will not succeed in arresting the evil. If the present practice of under-billing is stopped, the railway companies will doubtless invent some other. The worst effect of this demoralization of rates is to change the relative advantages of shippers. They should have a fair chance with each other, and so far as legislation can put them, or keep them, on the same plane, it is desirable, but whenever legislation has the opposite effect, it is far worse than none, and should be abolished. The law thus far has not been successful in correcting the evils that existed, nor can much more be expected from it. The violations of it may have the effect, perhaps, to start other legislation, of a more repressive character, and thus move directly toward the time when State ownership shall be attempted. The public will watch with interest the present efforts on the part of the Commission to restrain the companies from the flagrant violations of which they have been convicted. We do not hope for much from this source.

Convict Labor.—One of the hard labor questions of the time is the employment of convicts. Many who belong to the laboring class object to their working at all, on the ground that by so doing the bread is taken out of their own mouths. They should remember, however, that were the convict class outside prison

walls they would be employed; therefore, the aggregate production is no greater than it would be if there were no convicts. This thought should be kept in sight in dealing with the question; in truth, the product of the prisons, however great, is not so great as it would be if the convict class were unknown. There is no ground, then, for condemning employment of convicts so far as quantity of production is concerned, but there is a good ground for condemning some of the products of the prisons. It is true that goods which are sold at the lowest figure fixes the price of all of a similar character. Furthermore, the demand for such goods increases in consequence of their cheapness. Various methods have been adopted in different countries to sell prison-made goods. Keeping the first fact clearly in mind, that the making of them is well enough, and should not in the least be lessened, their sale, however, should be regulated with due regard for outside products. If prisons could make all of some kinds of goods, or classes of goods, this would be a solution of the question, for then there would be no competition with outside makers; another and better way of solving it is to employ convicts on public works of various kinds. In this country we have much to do with respect to our roads and sewers, and other useful conveniences. Why is it not possible to utilize to a great degree a large portion of the prison labor in enterprises of this kind? Why can they not be taught brick-making, for example, to be used in public buildings, for breaking stones for building roads, making sewers, and to some extent build structures of various kinds that are needed for public use?

Directors Who Do Not Direct.—The position of trustee or director has of late occupied a good deal of attention in the courts of this country, as to the degree of responsibility attaching to that office and the way in which it should be administered. In England the same question has been under discussion, and conscientious men are beginning more and more to realize the anomaly that exists in filling such office without being able to perform the duties of it. Sir Bernhard Samuelson appears to be one of these. He has resigned his office as one of the trustees of the Banbury Savings Bank, and in a communication to the managers he says he wishes it to be understood that he withdraws on the general and public ground that, under the present circumstances of savings banks, those trustees who, like himself, were unable to give personal attention to the duties of the institutions with which they were connected, were placed in a position of responsibility without any corresponding advantage. He did not resign with any feeling in regard to the Banbury

Savings Bank in particular, and he considered that, while no other means were available for the safe custody of small savings, there was a valid reason why persons should, by lending their names as trustees of savings banks, do what lay in their power to promote habits of thrift, even if they were not able to fulfill all the duties properly attaching to the positions they had accepted; but now the Post-Office Savings Banks were so well known and appreciated, no one need or ought any longer to hold the office of a trustee unless he was willing and able to fulfill all the duties. In Canada, as well as England, the Post-Office Savings Banks have become very popular as depositories of surplus earnings, and the security they give is unquestionable.—*London Free Press*.

Public Documents.—The Public Printer, in his last report, presented some curious facts and figures with regard to the printing of public documents. The office is the largest establishment of the kind in the world, and during the last fiscal year \$2,708,866 was paid for labor and material, and nearly three thousand persons were employed. The total number of documents printed exceeded 17,000,000. The total number of copies of documents printed was 17,346,216. The documents varied in size from committee reports of one octavo page to volumes of one thousand pages. Some of them were of great permanent value and historical interest, others had only an ephemeral importance as part of the current business of Congress. The "usual number" printed of each of these documents is 1,900, of which 806 are delivered unbound to the two houses of Congress for the use of members and senators, and the rest are bound in leather, one copy for each senator and representative, a certain number for the library of Congress, and 420 copies of each Senate publication, and 470 of each House publication, except the Journal, of which 1,550 additional copies are delivered to the Secretary of the Interior for distribution to the libraries of each State and territory, and to the several institutions in each State and territory which have been designated as depositories of public documents, in accordance with the provisions of the Revised Statutes, one set each. The mode of distributing these documents is very wasteful, and we might add, also, that it is seriously disregarded. The theory is that the representatives and heads of departments are simply the agents of the people for their proper distribution. Of late years, however, many of the legislators have formed the vicious habit of selling their books to brokers who hang around the capital, and buy, in advance, perhaps, of their publication. Thus the books which fairly belong to the public are retained as private property, and fail to reach the persons

who care most for them, unless, indeed, they buy them as they do other books, from the bookseller. In England the mode of distribution is very different. The price of every Government publication is printed on its cover, which is very reasonable, exceeding slightly, if at all, the bare cost of printing. The price is not intended so much to reimburse the Government for the outlay incurred as to get the books into the hands of the persons who will be most interested in reading and keeping them. Why is not the British idea worth adopting? Why could not a list of our public documents be printed on heavy cardboard, with reasonable prices affixed thereto, and hung in convenient places in all of our post-offices, where it could be seen by everybody, and the postmaster be required to send for the books desired, and to deliver them at the post-office to the buyer. In this way the public would be easily and conveniently served; the books would get into the hands of those who really want them, and a great economy would be wrought all around. The present system is vicious in the extreme, and the sooner it is abolished the better.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

THE DUTIES AND LIABILITIES OF THE PRESIDENT.

[CONTINUED.]

In the last number of the *MAGAZINE*, some of the legal principles determining the duties and liabilities of a bank president were considered. These have not been defined so fully by the courts as those of a cashier, for the reason that the president has not been so important in managing banks outside the larger cities as the cashier. The business, however, is changing in this regard, and to the president is more often committed than was formerly the control of the institution.

In *Leggett v. The New Jersey Manufacturing and Banking Co.* (Saxton, Ch. 541, p. 554), which was decided in 1832, the chancellor, after defining the duties of a cashier, remarked: "It is, perhaps, more difficult to define with precision the powers of the president of a bank; but I believe it may be said with safety that they are not so important as those of the cashier. He is the president of the board of directors, but as such does not possess the powers of the board. He is a member of the board, and in the absence of that body is intrusted with the general supervision of the concerns of the bank."

* Copyrighted.

Passing from this general definition of his powers, we may next inquire how far they have been fixed by general usage. "The officers," says McKinney, J., "will be presumed to have been invested with the customary authority, and their acts within the scope of such usage, practice, and course of business, will be binding on the institution in favor of third persons having no knowledge to the contrary." (*Neiffer v. Bank of Knoxville*, 1 Head 162, p. 164.) In *Rich v. State National Bank* (7 Neb. 201, p. 206), Maxwell, J., has remarked that, "as a general rule, the officers of a bank are held out to the public as having authority to act according to the usage and course of business of such institutions, and their acts, within the scope of their authority, bind the bank in favor of third persons having no knowledge to the contrary." (Citing *Minor v. Mechanics' Bank*, 1 Pet. 46; *Frankfort Bank v. Johnson*, 24 Me. 490; *Merchants' Bank v. State Bank*, 10 Wall. 604; *Cook v. State National Bank*, 52 N. Y., 96.) Therefore, if the usage in a State be for the president to draw and sign checks in the absence of the cashier, without special authority for that purpose, his bank will be bound by his action. And in a Tennessee case, the court further remarked that "in the absence of any positive prohibition upon the exercise of such a power by the president in the charter of incorporation, it is difficult to perceive any very sensible reason why such a power might not as well be exercised by the one officer as the other, so far as regards the binding effect of the act upon the bank." (*Neiffer v. Bank of Knoxville*, 1 Head 162, p. 165.)

With respect to his authority to transfer notes and other negotiable paper, Judge Hall has remarked that "the usage is universal for the presidents and cashiers of incorporated companies, acting as the executive officers and agents of such companies, to make in their behalf indorsements and transfers of negotiable paper, by simply indorsing their names, with the additions of their titles of office. I cannot doubt that such an indorsement is sufficient to charge the corporation under whose authority the indorsement is made, and to transfer the note to the indorsee, so that the latter can maintain an action thereon in his own name." (*State Bank v. Fox*, 3 Blatchf. 431, p. 432, citing *Folger v. Chase*, 18 Pick. 63; *Brockway v. Allen*, 17 Wend. 40; *Waterliet Bank v. White*, 1 Denio 608; *Babcock v. Beman*, 1 Kernan 200.)

When no such usage exists, if the directors have full power to conduct the business of a bank, they can authorize the president to indorse its notes. In an action to recover on a note thus indorsed, Frick, J.,* said: "It is maintained that the president, *ex officio*, had no power to indorse the notes of the bank. This may

* *Merrill v. Trustees of the Bank of the Metropolis*, 8 Gill 59, p. 68.

or may not be so, according to the particular state of facts presented. Ordinarily, the cashier, as the agent and servant of the president and directors, has this power conferred on him. But, in the present instance, the board of directors instructed the president to indorse all the notes, and this note among others was indorsed by him. So far, the act was fully authorized; the president and directors . . . having full power to conduct the affairs of the bank, and to make all such rules, regulations, and orders for the government of the bank, from time to time, as they may deem expedient. The power which the cashier has to indorse the notes is derived from the same source, and that power, for any specific purpose, may at any time be revoked by the board, and conferred upon another, as was the case in this instance."

"Although the president of a bank be not authorized, by virtue of his office, to draw checks for the moneys of the bank, it is clear that the company may empower him, as its agent, in a particular instance, or generally, to do so; and that, in such case, the bank will be bound by the act. Corporations, in this respect, stand upon the same footing with natural persons, and are alike bound by the acts of its agent beyond the limits of his authority, if done by their previous or subsequent assent, or express or implied direction." (McKinney, J., in *Neiffer v. Bank of Knoxville*, 1 Head 162, p. 164.)

Moreover, on some occasions, his contracts that are not of an ordinary nature will bind the bank. Thus O., the president of a bank, informed R. that a bank was to be reorganized, and that if he would act as director, and his firm would give it all their business, and use their influence to extend its business, ten shares of its stock would be given to him. R. accepted the proposition, and was elected and served as director, and his firm transacted their business with the bank. The president, in making the contract, professed to act for the bank, which, having received the benefits therefrom, was regarded as having ratified it, and consequently was bound to perform it. (*Reich v. State National Bank*, 7 Neb. 201.)

A peculiar question of the president's authority has been decided in West Virginia, which arose from the civil war. A Richmond bank had a branch in Charleston, which was in Virginia before the division of the State. The directors of the branch resigned soon after the opening of the war, but the president continued at his post, receiving instructions from the parent bank as often as circumstances permitted. In 1863 he received payment from S. of a note due to the branch from the estate of D., and assigned the same, which was secured, by a trust deed, to S. It was decided that the president had adequate authority to receive payment.

(*Parker v. Donnelly*, 4 W. Va. 648, as explained in *Smith v. Lawson*, 18 *Id.* p. 232), but not to assign the note. (*Smith v. Lawson*, 18 *Id.* 212, pp. 230-232.)

In interpreting the duties and liabilities of a president, which are prescribed by charter, general statute or by-law, it has been decided in Indiana, under the banking law enacted in 1855, that "in carrying on the ordinary—that which may be termed daily—business of banking, such as drawing, indorsing and accepting bills of exchange, giving certificates of deposit, etc., either the president or cashier was authorized to bind the institution, in the absence of any specified manner of transacting said business, provided for in the articles of association." (*Allison v. Hubbell*, 17 Ind. 559, p. 564.) So, too, a note could be indorsed by the cashier alone if this conformed to the usage among banks. (*Jones v. Hawkins*, *Id.* 550.) In Pennsylvania, a resolution of the board which authorized "the president and cashier" as often as they found occasion to borrow money, or obtain discounts, did not authorize either of these officers to borrow on his separate authority. They were required to act jointly or agree in the transaction, "though the mode of effecting their purpose should be by a note or bill signed or indorsed by only one of them." (*Ridgway v. Farmers' Bank*, 12 Serg. & Rawle, 256, p. 264.)

Nor can the president be empowered by the directors to do anything which cannot be done by themselves. For example, as they cannot release without consideration a debt due to the bank, they cannot empower him to release it. (*Hodge's Executor v. First National Bank*, 22 Gratt. 51; *First National Bank v. Kimberlands*, 16 W. Va. 555, p. 581.)

In executing deeds and other instruments of that nature, the president's authority has been defined in several ways. Thus an instrument to discharge a judgment rendered in favor of the bank should be executed in the name of the institution. If, therefore, he should deliver such an instrument, running in his name as president, signed without the corporate seal, and not declared to be the act of the bank, it would not operate as a satisfaction or discharge of the judgment, or confer authority to cancel the docket of the same. (*Booth v. Farmers' & Mechanics' National Bank*, 4 Leans. 301.)

In *McKeag v. Collins* (87 Mo. 164), the president executed a deed in trust for its creditors, which was attacked on the ground that no authority to execute it had been conferred on him by the directors. The evidence showed that they rarely met, and that the president acted as though the institution belonged to himself. Yet he had never executed a deed before without express authority from them, consequently he was not justified in doing so on this occasion.

He may, though, execute a deed countersigned by the cashier, provided its charter contain a clause that "the bills obligatory and credit notes, and all other contracts whatever, on behalf of said corporation, shall be binding upon the company, provided the same shall be signed by the president and countersigned or attested by the cashier of the said corporation." (*Lessee of Veasey v. Graham*, 17 Ga. 99.) Moreover, if a bond and mortgage be made payable to the president before the organization of his bank is completed, he is the proper officer to assign the same, and in doing so his seal should be used, and not that of the corporation. (*Valk v. Crandall*, 1 Sandf. Ch. 179.)

The authority of a president to bind his bank for advances, was one of the questions asked when these institutions were less independent than they are now. In one case an embarrassed bank authorized its president and cashier to raise money for redeeming its circulating notes. In executing this authority they purchased a large amount of State stocks with notes of the bank signed by them and payable in the future. The stocks were applied to the use of the bank; the notes, however, given by the president and cashier, were not paid at maturity, but were paid afterward by the president. It was decided that he had a valid claim against the bank for the amount. (*Bank Commissioners v. St. Lawrence Bank*, 8 Barb. 436.)

"No officer of a bank can bind it by a promise to pay a debt which the corporation does not owe, and was not liable to pay, unless the bank authorize or has ratified the act." (Maxwell, J., in *Rich v. State National Bank*, 7 Neb. 201, p. 206, citing *Salem Bank v. Gloucester Bank*, 17 Mass. 1; *Merchants' Bank, v. Marine Bank*, 3 Gill. 97.) But "ratification is equivalent to original authority to act in the matter which has been ratified; and the same rule applies to corporations which is applied to natural persons." (Maxwell, J., in *Rich v. State National Bank*, 7 Neb. 201, p. 209, citing *Fleckner v. United States Bank*, 8 Wheat. 363, and many other authorities. (*Kennedy v. Otoe County National Bank*, 7 Neb. 59.)

"The president . . . has no authority, as such, to surrender or release the claims of the bank against any one; and if he possesses such authority, it is not *virtute officii*, but must be derived from the board of directors by their vote, or from their assent, express or implied." (Ames, C. J., in *Olney v. Chadsey*, 7 R. I. 224, p. 228.)

The president cannot charge a commission for guaranteeing his bank's paper, unless an explicit agreement has been executed with the proper authorities. In the case of a receiver of a bank against its president, in which he claimed that money was due to him for rendering a service of this nature, Nelson, C. J., remarked that,

"before any person holding the official connection of the defendant with the bank, or any one standing in that relation to an institution of the kind, can be allowed to set up a claim for superadding his own private responsibility to the responsibilities of the institution in such cases, he must first establish a most clear and explicit contract to that effect, with the proper authorities; otherwise, the practice might lead to intolerable mischief and abuses." (*Leavitt v. Beers*, Hill & Denio, Supp. 221.)

The president cannot bind his bank by a contract which it has no power to make. Says Wood, J.: "A corporation cannot be bound by a contract made by its president, or any individual member of the corporation, unless the power so to bind the company is given to the president or individual members by the act of incorporation, or by some act of the corporation." (*Mt. Sterling & Jeffersonville Turnpike Road Co. v. Looney*, 1 Met., Ky. 550, p. 551.)

Nor would he render himself liable by such an undertaking. The remarks of Judge Brewer, in a recent case on this subject, are worth giving. "Every person who deals with corporations is chargeable with notice of the general scope of their powers. If he deals with an insurance company he knows that it is insurance business that that company is authorized to transact. So if he deals with a bank he knows that it is banking business that that bank is authorized to transact, and none other. He has the same general knowledge that the officers of the bank have. Of course, where there is a concealment of a fact within the special knowledge of the party making the representation or making the signature, he may be bound. If, for instance, the bank had power [to subscribe to the stock of a creamery] provided the directors had assented, and defendant had represented to the plaintiffs that the directors had assented, when in fact they had not, then unquestionably a failure to hold the bank liable would cast a liability upon him; but when a man deals with an officer of a corporation, and that officer simply proposes to bind the corporation, and as a matter of fact the corporation is not bound, and is not bound simply because the contract is *ultra vires* of that corporation, the individual making the subscription is also not bound." (*Holt v. Winfield Bank*, 25 Fed. R. 812, p. 815.)

If the president performs all the corporate functions of a bank, and uses them especially to his own personal advantage, it is responsible for his conduct. The case of the City National Bank of Dallas, Texas, is instructive. (*City National Bank v. National Park Bank*, 32 Hun. 105), Hardie, the president, usurped, through the negligence of the directors, all the bank's authority grossly,

mismanaged its affairs, and became a heavy debtor to the institution. The vice-president had full knowledge of the situation. Afterward, Hardie went to New York to borrow money, taking with him worthless securities belonging to his bank. On these he borrowed money from a New York bank, a part of which was applied to discharge his indebtedness to his own. In a suit by the Texas bank to recover the balance due from the other, it sought to retain enough to discharge the indebtedness contracted with Hardie. Davis, P. J., in delivering the opinion of the court, said: "When directors abdicate their powers in favor of a president to an extent that virtually makes him the sole representative of the corporate body, the corporation shall not be heard to deny that he is such body, when, through his wrongs, they seek to derive an advantage to the corporation from any fraudulent or excessive act. If the corporation would be chargeable, had it done the act or possessed knowledge of it, they should be charged with the knowledge their president possesses. On this ground, the court should have charged the jury that the defendants, if the fraud was found to have been committed by the president of plaintiff, were entitled to protection to the extent of the fruits which reached the hands of the plaintiff."

In this case, so the court further remarked, "the president had been permitted to become and be the bank, as representing all its corporate functions, and both figuratively and in fact to be its eyes and ears, and all the several senses that can in law or theory pertain to corporate existence. When such a president starts out for a raid upon the financial credulity of other banks and capitalists for the purpose of capturing funds, with which to relieve himself and his bank from the embarrassments in which he has plunged it, there is no lack of reason or law in holding that his knowledge of any fraud he commits in obtaining the money shall be charged as notice to his bank, when it becomes the recipient of the plunder. The mere abstract question, whether the knowledge of the president of a bank, of his private personal dealings, when through them he brings a benefit to the bank, is notice to it of all that he himself knows on the subject of his acts, seems to us not controlling of such a case as this." (*City National Bank v. National Park Bank*, 32 Hun. 105, p. 109, the court citing *New York & New Haven R. Co. v. Schuyler*, 34 N. Y. 30; *Fulton Bank v. Canal Company*, 4 Paige 127; *Bank v. Davis*, 2 Hill 451; *Holden v. New York & Erie Bank*, 72 N. Y. 286; *Atlantic Bank v. Merchants' Bank*, 10 Gray 532.)

In another case (*Cutting v. Marlor*, 78 N. Y. 454), the trustees left the management of the bank to B., the president, and O., who was styled "manager." B. took its securities without objection by the

trustees or officers, and used them in his private business, returning them when they were demanded. The trustees held no meetings, never examined the bank's securities, and exercised no vigilance over them. It was decided that the bank was liable for a loss of securities, which were taken by the president.

In this connection we may inquire, when is a bank liable for the assertions or statements of its president? On one occasion a business man called on the president, and inquired whether it paid interest on deposits. He replied, "No, we cannot do that; we will give you a certificate that will." The other then gave some money to the president and received an interest-bearing certificate of deposit in a banking house of which the president was a member. The depositor then expressed some surprise that the certificate was not in the name of the bank. The president assured him that it was "all the same thing," and that he could get his money in the bank whenever he wanted it. The banking house held a majority of the stock of the bank, and the depositor, satisfied with the president's statement, accepted the certificate. Nevertheless the bank was not liable for the deposit, the court remarking that the obvious inference from the president's answer to the depositor was, "not that the certificate was issued by the bank, but that it was equally good." (*First National Bank v. Williams*, 100 Pa. 123.)

"If the vice-president of a bank commits a trespass quite outside of his official duties, and not within the real or apparent scope of his agency, without authority from, or subsequent ratification by the bank, he does not thereby render the corporation liable for his tortuous acts." (Pierrepont, J., in *Thomson v. Sixpenny Savings Bank*, 5 Bosw. 293, p. 309; 2 Comst. 479; *Mechanics' Bank, v. New York & New Haven R. Co.*, 3 Kern 633; *Weed v. Panama R. Co.*, 17 N. Y. 362; *Wright v. Wilcox*, 19 Wend. 345.) In *Thomson v. Sixpenny Savings Bank*, the vice-president forbid the sale of fixtures belonging to land that had been mortgaged to the bank, and the judge charged the jury that if he was acting with the knowledge and sanction of the trustees, or by authority and sanction of the president, it was enough to make his acts binding on the bank, but the higher court said that "the president could no more confer authority upon the vice-president to do the acts complained of, than the vice-president could confer the same authority upon the president; no such authority resided in either, and neither could by their wrongful acts bind the bank under the circumstances in this case."

Having shown what authority pertains to the office of president by positive law or usage, we shall next show what he cannot do without rendering himself liable. For, as he is an agent, he is

clearly liable whenever transcending or abusing his powers like the agent of an individual. This, so Judge Beardsley has remarked, "ought to be regarded as too plain to require an authority." (*Austin v. Daniels*, 4 Denio, p. 301.)

What, then, is a violation of his duty? If he and the cashier should have entire control of the business, unrestricted by regulations adopted by the directory or stockholders, and should not be required to report to the directors their discounting transactions, they would have no power to use the bank's property in their private business. (*Rhodes v. Webb*, 24 Minn. 292; *Reed v. Bank of Newburgh*, 6 Paige's Ch. 337.) To do this would be an embezzlement, and the receiver of the property, if knowing that it had been embezzled, would also be a participator in the fraud, and liable criminally as well as civilly for the amount. (*Reed v. Bank of Newburgh*, 6 Paige's Ch. 337.) Says Gilfillan, C. J.: "General authority in those officers to make discounts would not authorize them to bind the bank by discounting their own notes. This restraint upon agents, and those occupying fiduciary positions, is essential to secure absolutely fair dealing and adequate protection to those whose interests are confided to them." (*Rhodes v. Webb*, 24 Minn. 292, p. 294.) Hence, the director of a bank—whose stock the president agreed to buy, and which, having been received, and his note therefor surrendered, the president telling the cashier that he would pay it—was not relieved of liability to the bank. (*Id.*)

And if a president who had general charge of the business should permit and direct the drawing of money from the bank without security by a person who is known or supposed to be irresponsible, and with whom he is interested in business, for which the money is obtained, and should request the cashier to say nothing to the directors concerning the transaction, he would be liable to the bank for the same. (*First National Bank v. Reed*, 36 Mich. 263.) Says Cooley, C. J.: "Taking the statement of the cashier as true, the act of [the president] in allowing [the borrower] to draw moneys from the bank was wholly irregular and unwarranted. It was without the knowledge of the proper financial officer of the bank, the cashier, and without taking security. These facts, in connection with the supposed insolvency of [the borrower] made it a gross breach of trust." (Page 268; *Austin v. Daniels*, 4 Denio 299; see *Commercial Bank v. Ten Eyck*, 48 N. Y. 305.)

Nor would the cashier's knowledge of the transaction affect the president's liability. Said Cooley, C. J., in the case above mentioned: "A loan by the president under the circumstances indicated would be a fraud on the bank; and the president, if he persuaded the cashier not to make known the facts to the directors, could claim nothing because of the cashier's knowledge: that

officer's silence might make him accessory to the fraud, but could not tend to excuse the principal." (*First National Bank v. Reed*, 36 Mich., p. 268.)

If a person assumes to be president of a bank by thus proclaiming himself through his correspondence with other banks, through advertisements and printed letter heads, he is liable for losses occasioned by the management of one who is acting as cashier. In *Houser v. Tate* (85 N. Car. 81, p. 86), the court said that "to the suggestion that the defendant did not supervise the operations of the bank, and knew nothing of its condition, the answer is obvious that he voluntarily assumes a position, the obligations of which demand this of him, and persons dealing with the bank may reasonably expect his faithful discharge of that obligation, and if he bestows no attention on the business, it is his own neglect, from which others should not suffer. But the prominent feature in the transaction is his assenting to be held out to the world as the chief officer of a corporation which has no legal being, and of which, if he had not, he ought to have had, knowledge, before lending his name in furtherance of its object."* (*Bank v. Wulfe-kuhler*, 19 Kansas 60.)

Moreover, if a bank had no power to do a thing, for example, to buy stocks, the cashier would not be protected in buying them, though doing so by authority of the president. (*Austin v. Daniels*, 4 Denio 299.)

In an action against the former president of a bank to recover the value of its securities, which he had wrongfully appropriated in paying for his bonus and stock, when selling the bank to some worthless adventurers, it was held that it was not necessary to prove that the transaction was injurious to any creditor or stockholder, or to tender to the defendant the stock sold by him in order to maintain the action. The value of the securities might be recovered by proving that they belonged to the bank and were wrongfully appropriated by the defendant, and that before bringing the action he had collected them. (*Hayes, Receiver v. Kenyon*, 7 R. I. 136.)

* The court further said: "His assumption of the office of president is a positive act, the consequences of which he cannot evade by his failure to inquire into the existence and character of the organization of which he becomes the head. This is equivalent to a direct indorsement, challenging the confidence of all, who knew of his own superior business qualifications, in the institution supposed to be under his care."

[TO BE CONTINUED.]

LIABILITY OF DIRECTORS.

COURT OF APPEALS OF KENTUCKY. •

*Jones v. Johnson,**Emery's Sons v. Traders' Bank & Warehouse Co. et al.*

LIABILITY TO STOCKHOLDERS FOR NEGLIGENCE.

The directors of a bank, having discovered an overdraft by the cashier, took his notes and those of his father-in-law, secured by mortgage, to the full amount of the overdraft. *Held*, that, having done this in good faith, no liability attached to them for lack of the utmost diligence, both they and the stockholders having the greatest confidence in the solvency of both parties.

Where the president of a bank is a mere figure-head, and the directors receive no salary, in the absence of fraud they are not liable to the stockholders when they discount certain notes believing the makers and indorsers to be solvent, and they prove worthless.

The directors of a bank, having removed a cashier on account of his overdrafts, took his notes secured by an indorser and mortgage in settlement, and to reconcile him, and avoid exposure and consequent loss, made him director with a salary. *Held*, that it was a proper exercise of their discretion, and, as no damage resulted, the stockholders had no cause of action against them.

A subscriber to the stock of a bank subscribed on condition that at the end of a certain period, if he wished, he could return the stock, and receive back the note he had given in payment, and which contained the same stipulation. *Held*, that the stockholders of the bank, not having been misled, were bound by the terms of the contract.

A subscriber to the stock of a bank released a valid claim for services against the bank, in return for notes given by him in payment of the stock. *Held*, that the other stockholders had no cause of action thereby against the directors.

LIABILITY FOR STOCK PURCHASED.

Stock in a bank was issued to some of the directors for alleged extra services; and they also, to sustain the bank, purchased other stock, giving their notes in payment. *Held*, that the stock issued for extra services should be canceled, and each director should be held liable for the amount of stock purchased by him.

FAILURE TO REQUIRE BOND OF CASHIER.

The directors of a bank settled with the cashier for his official misconduct, and ordered his bond canceled, although no bond seemed to have been taken. *Held*, that, whether the bond was taken or not, the settlement with the cashier would have extinguished the liability on the bond, and the directors would not be liable for the failure to take a bond from the cashier.

LIABILITY FOR LOANS TO CASHIER.

Certain parties loaned to the cashier of a bank money on his notes, with the stock of the bank as security, not knowing that the loan was for the benefit of the bank. The records of the bank showed that the stock was sold to the cashier to raise money for the benefit of the bank, which agreed to protect him. He deposited the money when obtained with the bank. *Held*, that, if the parties making the loan had any remedy against the directors, it was by individual suits for tort, and their claim could not be joined in a suit by stockholders to settle the assets of the insolvent bank, or by creditors to enforce their contracts.

ABANDONMENT OF CAUSE OF ACTION.

Certain parties loaned money to the cashier of a bank, not knowing the loan was for the benefit of the bank. The cashier died insolvent, and the bank failed. They began suit against the bank, after full knowledge of the transaction, and pending it, filed a claim against the estate of the cashier, and received a small per cent. on the debt. *Held*, that the allowance of the claim against the estate of the cashier was not an election to abandon the action against the principal—the bank,—and the right to pursue it was not lost thereby.

The stockholders of the Traders' Bank & Warehouse Company began suit to compel the assignee to sue the directors for negligence in its management ; and Thomas Emery's Sons, creditors of the bank, joined in the suit, and sought to establish their claim against the bank. From the judgment obtained, the stockholders and Emery's Sons appealed.

PRYOR, C. J.—A number of defendants in this case having made motions to dismiss this action on account of a misjoinder, and for other causes, the action was dismissed by a judgment below. That, on an appeal to this court, was reversed, and will be found reported in 10 Bush. 649. The action was instituted by stockholders of the Traders' Bank & Warehouse Company, to compel its assignee, Ullman, to settle the business of the corporation, and distribute its assets, and to make the president and directors of the bank liable for the negligent manner in which they had managed its affairs. By an answer and cross-petition, Thomas Emery's Sons set up a large claim against the corporation, asking a judgment for the amount against it, and that the stockholders be compelled to pay up their stock for its satisfaction. The court below adjudged that Emery's Sons were not creditors of the bank, and dismissed their complaint, from which they have appealed. It was also adjudged that the directors were not liable to the stockholders by reason of any neglect of duty, and from that judgment the stockholders have appealed.

The organization of the Traders' Bank & Warehouse Company, as well as the subscription to its capital stock, was mainly due to the personal exertions and influence of George P. Doern, its cashier, who was reputed to be a man of much wealth, and regarded as possessing the highest order of personal as well as business integrity. His father-in-law, Nuenberger, had retired from business, owning, as was supposed, a large estate, and was indorsing and sustaining Doern in all of his business transactions. James Johnson was made president of the bank, and his co-appellees, Theirnan, Clifton, Chase, Hecht, etc., were the directors. They seem, from the record before us, to have been inexperienced in the business of banking. Doern was elected cashier by reason of his superior business qualifications, and for the additional reason, no doubt, that himself and his father-in-law owned more than one-half of the stock subscribed. The stockholders and directors were looking to Doern as the medium through which the enterprise was to be made a success. A great deal of the stock taken had not been paid, but notes executed for the amount by the stockholder, under the belief that one-half of the amount subscribed would soon be paid in dividends. Some \$40,000 of stock taken by Doern was paid for in real estate, or at least that much was unproductive capital. Doern, as cashier, seems to have had almost the complete control of the bank ; and the directors, having the utmost confidence in his integrity, as well as his pecuniary ability to meet all of his engagements, were not vigilant in the examination of his accounts with the bank, and within less than a year he had become largely indebted to it, and in fact had wrecked the entire enterprise. The corporation having assigned to Ullman, and Ullman declining to sue the directors for their alleged neglect of duty, the stockholders, or a portion of them, instituted this action ; charging—*First*. That the directors, knowing Doern to be insolvent, allowed him to largely overdraw his deposit account, and, with a full knowledge of the facts, permitted him to take cash out of the teller's drawer, and apply it to his private use ; he placing his tickets in the drawer showing the amount taken, and the directors counting these tickets as cash. *Second*. They had discounted Doern's paper for large amounts when they knew it was

not good, and the parties to it insolvent; and had permitted insolvent parties to overdraw their respective accounts, and had afterwards accepted Doern's check for these overdrafts. *Third.* That the directors had canceled the bond of Doern, executed as cashier, and released his sureties. *Fourth.* That the directors had sold to Doern 400 shares of stock, and took his note therefor; and when he paid in \$20,000 on his notes, they made him a present of, or permitted him to check out, \$1,492.32 of the amount. *Fifth.* They elected him a director after he was removed as cashier, and had paid him his salary as cashier when he was entitled to nothing. *Sixth.* That the directors, after settling with Doern and his father-in-law his overdrafts, had permitted Doern to check out the balance said to be due him on settlement. *Seventh.* That they had released certain stockholders—Horace Scott and William Johnson—from the payment of their stock subscribed. *Eighth.* That the directors, except Chase, drew from the bank various sums amounting to \$4,344, for their own use, and surrendered worthless stock therefor. Other charges of mismanagement and neglect are made, not necessary to be considered, as those enumerated, and more specifically alleged as to amounts and dates than here stated, embrace the principal subjects of controversy.

This corporation was organized in September, 1871, and in March, 1872, it was discovered that the balance books showed an indebtedness by Doern of nearly \$40,000. Doern was then removed as cashier, and a settlement demanded, resulting in the execution of the notes of Doern and his father-in-law for the amount of this indebtedness, and secured by a mortgage on real estate then of ample value to satisfy the indebtedness. That Doern had at times drawn more than his deposit account was a fact known to the directors; his account showing at times credits to Doern by way of deposit of more than he had drawn out, and at other times an amount exceeding his deposit account; but that he had overdrawn so largely was a fact unknown to the directors until March, 1872. It is shown by Johnson, the president, that, when the committee was appointed to investigate the condition of the bank and the accounts of the cashier, the money was always on hand, and no tickets accepted as cash; that the accounts were proper, and no reason existed for the belief that Doern was betraying the confidence of the directors, or withdrawing such large sums of money. It appears that Doern was a commission merchant, engaged in the purchase and sale of whisky; and, when his account was overdrawn, he gave as a reason that he was then engaged in settling up his commission business with a view of closing his house, and required more funds than he otherwise would, as he was compelled to pay out, and was making few collections. He was regarded as amply able to meet all his engagements, and his solvency was not doubted by any of the directors, and but by a few business men. He and his father-in-law owned a majority of the stock; and overdrafts that were not too large were not unusual, as the evidence shows, with those connected with such institutions, if regarded as solvent. An exercise of the utmost vigilance might have produced different results, but this was not required of the directors; but when they did discover the condition of Doern's accounts, and that practices had been resorted to by him in order to deceive, they obtained the settlement and the mortgage to secure this indebtedness. Several of these appellants, who were stockholders in common with the officers of the bank, had been permitted to overdraw their deposit accounts, and now complain of the directors for permitting the cashier to do the same thing. But it is evident that the directors secured the bank and its stockholders for

every dollar that Doern had overdrawn, by the mortgages executed to secure the notes of the latter and those of his father-in-law, given in settlement of this claim; so it is needless to discuss this branch of the case further than to show the confidence of these trustees, who were representing the stockholders, in their cashier, Doern, and their belief in his ability to pay his entire indebtedness, indulged almost to the moment of time at which the corporation was declared to be insolvent. Their only remedy was in a settlement with the cashier, and to secure as much as possible the amount of his indebtedness. This they seem to have done in good faith, and to protect the bank, regardless of the rights of others.

It is proper to notice next the character of paper discounted by the bank for the benefit of Doern. It is alleged that the parties to the paper were insolvent, and known to be so by the directors, and if the facts proven establish the charge made they are no doubt liable. This controversy between the stockholders and directors renders it proper to determine the question of diligence to be exercised by the bank directors in the control of the bank, its officers, and business. Thompson, in his work on *Officers and Agents of Corporations*, says that "Directors of a corporation are not liable to the corporation for mistakes of judgment, however disastrous such mistakes may be. In all these cases the question is: 'Have directors been guilty of negligence of a gross and flagrant character?'" Every case must depend necessarily on the facts and circumstances surrounding it, and here it is plain that Doern, Caldwell, Chambers & Co., and Chamberlain, Doern's indorsers, were believed to be perfectly solvent when the paper was originally discounted. The testimony of Chambers would confirm that belief; and the directors, in the exercise of a discretion that must necessarily pertain to the exercise of their power, saw proper to discount the paper. That it turned out to be worthless is not sufficient, of itself, to convict the directors of gross neglect in discounting it; but on the contrary, they had every reason to believe that Doern's name made it desirable paper. There is no fraud shown, or combination between the directors and Doern to defraud the bank, or any fact tending to establish neglect, except the implicit confidence they had in Doern's financial ability and personal integrity; and, so far as the discount of his paper is concerned, although worthless, these directors are not liable. That a higher degree of vigilance is to be required of the president of a bank, whose salary for a general supervision of its affairs is sufficient to compensate him in devoting his entire time and attention to its business, may be conceded; but directors who receive no compensation, or a president who is a mere figure-head of the institution, are liable for only gross neglect (in the absence of fraud) in the management of the corporation, and this rule most certainly applies when stockholders are attempting to make them liable.

It is further urged that after Doern was removed as cashier he was elected a director of the bank and that he was allowed pay for his services when he was entitled to no compensation. We find no damages resulting to the bank by reason of the position assigned Doern after his removal as cashier; and when the directors attempted to make a settlement with him so as to secure his overdrafts, they saw proper to remunerate him, that a settlement might be obtained. This allowance was made in the exercise of a discretion that belonged to the directors; it was done in good faith, and to protect the corporation. They seem to have made an effort, as they swear, to reconcile Doern by making him a director, so that an exposure might not be made, and suits under the

act of 1856 instituted, under which, if the mortgages made by Doern and his father-in-law had been assailed by creditors as a preference within six months, the bank would have lost the security, except a *pro rata* distribution between all creditors; and if this reason should be regarded as not satisfactory, no injury or damage having resulted from his appointment as director, the stockholders cannot complain.

The appellants also complain that the directors released Horace Scott and William Johnson from the payment of their stock subscriptions, without any reason therefor, and in disregard of the rights of those interested with them. After the organization of the bank, Doern, the cashier, importuned Scott to take \$100,000 of the stock upon condition. The note he gave evidenced the terms of the contract; and that he had the option at a certain period of time to determine whether or not he would take the stock, is conceded by the directors and shown by the notes of Scott executed for the stock, all of which were left, including the certificates of stock, with the bank. The note stipulated that the certificate should be received in discharge of the note; it was so received, and this ended Scott's connection with the bank. The contract was binding on the bank, and if so, the stockholders, who were in no manner misled by it, cannot enforce the contract when the party—the corporation—they represent, is bound by its terms. As to the claim of William Johnson for his services as superintendent of the warehouse, its validity not being questioned, the directors surrendered to him his note executed for stock, in full discharge of the claim for services. The value of his services exceeded the value of his stock, and, as between him and the other stockholders, they cannot complain.

The court below held that the stock issued to some of the directors for extra services should be canceled; and further held that the shares of stock purchased by the directors in their own names, although done to sustain the credit of the bank, and for which they gave their individual notes, should be enforced, each director being liable to the extent of the stock purchased by him. In this conclusion we also concur. A careful examination of this entire record, so far as it affects the rights of stockholders, leads to the conclusion that the board of directors acted in the best of faith, and while a careful and vigilant business man might have detected the fraudulent purposes of the cashier at an earlier date, still the financial standing of Doern, connected with his business capacity, influenced the directors and stockholders to give him the control of an experiment in banking, connected with the business of a warehouse, upon a limited capital, that was constantly begging for additions to its capital stock, resulting in less than one year in a complete financial wreck. Those ordinarily careful in business transactions could not well have done more than these directors to protect the bank's interest, and preserve the rights of the stockholders. Other charges of neglect of less importance than those noticed have been made, and were properly disposed of by the court below.

No bond seems to have been executed by Doern as cashier, although a resolution of the board shows that it was canceled. If, however, a bond had been executed, the settlement by the directors with the cashier included his liabilities as such, and would have released his sureties. His sureties would not have been liable by reason of the failure of Doern to pay his notes discounted by the bank. Whether or not the charter required the directors to take a bond is not a question raised, and, if so, the settlement made in good faith by the directors extinguished Doern's liability caused by the abuse of his official position. A large number of the stockholders who were among the original plaintiffs disclaimed in

open court the intention of making charges of bad faith and neglect against the directors before the action terminated in the court below, and those who made no such disclaimer, and must, by their connection with the bank and the directors, have been conversant with its management, have failed to testify. We find no bad faith or gross neglect on the part of the directors.

The question arising on the cross-petition of Emery's Sons is more difficult of solution than any other question in the case. These appellants maintain that the bank is liable to them for \$20,000; the money having been obtained from them by Doern, its cashier, for the benefit of the bank. The money was loaned on the notes of Doern with the stock of the bank pledged as a collateral, and without any knowledge at the time that the money borrowed was for the bank. The bank insists that it sold Doern, through its directors, 400 shares of its capital stock, and took from Doern in payment his two notes for \$20,000 each; that these notes were received in full payment for the stock, based on the belief by the directors that Doern was perfectly solvent. He is charged with \$40,000 as the price of the stock, and credited by his two notes, as cash, for \$40,000. The bank, through its president, then certified that no lien existed on the stock to enable Doern to raise money on the stock by placing it as a collateral with those of whom he obtained the money. Armed with this certificate of stock, Doern obtained from Emery's Sons \$20,000, and left with them a part of this stock as security for its payment. It is evident that Doern was either borrowing this money for the bank, or he was obtaining it to enable him to satisfy his debts to the bank. The directors say it was a sale of the stock, and for a valuable consideration, and not intended to raise money for the bank. This they may have then supposed, as they then had the greatest confidence in Doern's ability to pay; but the manner of the sale to Doern, as evidenced by the resolution of the directors under which the alleged sale of stock to Doern was made, and the subsequent disposition of the money, negatives the idea that such was the purpose of the directors or Doern when the alleged sale was made. The resolution passed by the board of directors is as follows: "It was moved and carried that the president and cashier be authorized to issue to Mr. Julius Doern four hundred shares of Traders' Bank & Warehouse Company stock in consideration of his two notes of twenty thousand dollars each, dated October 20, 1871, payable, respectively, in five and six months, with the understanding that when certificates for said stock, equivalent in amount to either of said notes, are presented, the said notes shall be surrendered to Julius Doern. The purpose of this arrangement is to enable Mr. Doern to borrow money on the deposit of said stock as collateral, for the use of the Traders' Bank & Warehouse Company, which will take care to protect Mr. Doern in the transaction." The money thus obtained was deposited by Doern in the bank to his credit, less the discount that was restored to Doern. Whether the stock sold was to enable Doern to pay his debt to the bank, or for the purposes of the bank, it resorted to this means of raising the money, all of which was for the benefit of the bank. The resolution shows plainly the object in view; it was not a conditional sale of stock, but a sale to Doern to enable him to raise money for the bank, *and in this the bank agreed to protect him*; it is plainly written, and the deposit made by Doern, with the discount returned to him, showed beyond doubt that Doern was executing the original purpose of the resolution. Emery's Sons were either loaning this money to Doern for the general use of the bank, or loaning it to the bank to enable Doern to discharge his indebtedness to it. Emery's Sons were

it is true, dealing with Doern alone, and were ignorant of the resolution when the loan was made; still this does not alter the liability of the bank. The loan was in fact for the benefit of the bank, and Emery's Sons became its creditors; the money arising from the pledge of this stock went into and formed a part of its assets. The object of the resolution was to enable Doern to borrow money on the deposit of the stock as collateral for the use of the bank and warehouse company, and Doern was to be fully protected in his acts. Doern had the authority to raise greatly more than his indebtedness by reason of this stock. With what was supposed to be his financial standing, as the proof conduces clearly to establish, he could have raised as much as the entire stock sold him, by pledging it as a collateral, and such was manifestly the intention when the resolution was adopted. The money of Emery's Sons went into the bank at the instance of its directors, and for the purpose of increasing its assets, or to enable its cashier, by the pledge of the stock of the bank, to meet his liabilities; and when the fact was discovered by Emery's Sons they sought to make the bank liable as its creditor, and the directors personally liable on the ground of fraud. They appeared in this action brought by the stockholders for a settlement and distribution of the bank's assets, and had the right, as creditors, to priority over stockholders. If they had a remedy against the directors, it was for their tort in permitting the stock of the bank to be transferred to them in such a manner. Their liability was several, and not joint, and no implied contract arose between them and Emery's Sons to save them harmless by reason of the power conferred on the cashier of the bank. The action against them, if any existed, was purely in tort, and could not be joined in the suit by stockholders to settle the assets of the insolvent bank, or by creditors to enforce their contracts.

It is argued, however, that the cross-plaintiffs, Emery's Sons, had, after a full knowledge of the transaction, elected to proceed against Doern or his estate for the payment of their debt, and are now precluded from looking to the bank, the unknown principal at the time the loan of the money was made to Doern, and the stock of the bank pledged. The cross-action of Emery's Sons was pending against the bank when they presented Doern's notes to his administrator in the settlement of Doern's estate. Doern had died, and the action being pending for a distribution of the assets of his estate between his creditors, the notes were presented and proven as claims, and the *pro rata* of a few cents on the dollar paid to and received by Emery's sons. The bank had filed the notes executed by Doern for the stock pledged to Emery's Sons as claims against Doern's estate, and the commissioner reporting that the stock was not in fact purchased by Doern, but to raise money for the bank, the latter, or its assignee, withdrew the notes without prejudice to any claim that might thereafter be asserted. That Doern was liable to Emery's Sons is evident; and that the bank was also liable, after the discovery that it was the real principal, is also plain. It was not, however, a joint liability, and Emery's Sons, after being in possession of all the facts, could abandon the right to claim against the bank, and look alone to Doern. The contract was either with the principal, so far as Emery's Sons were concerned, or with the agent, and both could not be made liable in a joint action. Doern's estate was insolvent, and known to be such by the creditors, when the claim of Emery's Sons was presented; the bank was also known to be insolvent, and the assets of both combined insufficient to pay Emery's debt. The actions to settle the affairs of the bank and Doern's estate were in chancery, and pending in the same court with the cross-action of Emery's Sons pending in the

bank case, to make the bank liable. It is now insisted that the filing of the notes in the Doern suit, and collecting the *pro rata*, was a conclusive election on the part of Emery & Sons to look to Doern's estate for the money, and not to the bank. If such facts constitute, in law, an election, then the judgment below, dismissing the claim of Emery's Sons, was proper; but if the question is one of fact, by which the intent of the creditor to make the election is to be determined, then there was no such election as precluded Emery's Sons from looking to the bank for payment. That the plaintiffs in the cross-action had elected to sue the bank, and were prosecuting the claim against the bank when it was filed in the case against Doern's estate, and continued to prosecute it, is conceded. The assets from Doern's estate scarcely paid the cost of presenting the claim in order to obtain the *pro rata*, and under such circumstances it would be unreasonable to hold that it was an election to abandon the action against the principal, and look alone to the agent. Story, in his work on Agency, says that while the creditor has his election to sue either in a distinct and separate action, the creditor is not precluded by such an election from maintaining another action against the party not sued, unless he has in the first action obtained a complete satisfaction of his claim. Story, Ag. § 295. While this doctrine in its broad statement is not sustained by the weight of authority, the general rule as laid down by Wharton is sustained by nearly all the authorities; and that is: "In order to relieve the principal, there must be something equivalent to an election not to charge the principal; and whether there is such an election is a question of fact which is not determined by charging the agent after knowledge of the principal." Whart. Ag. § 472. The English rule is "that after the agent has been sued to judgment, the right to revert to the principal is lost." (*Priestley v. Fernie*, 3 Hurl. & C. 977.) We think the undoubted rule is that if, when the creditor discovers the principal, and with a full knowledge of the circumstances connected with the transaction, he then gives the sole credit to the agent, or proceeds to judgment against him, it is equivalent to an election to abandon all claim against the principal.

That such facts may exist as would preclude the creditor as a matter of law from proceeding against the principal is not doubted; as, in the case given, where the creditor with a full knowledge of all the facts should elect to sue the agent to judgment, nothing else appearing, the law would say that it was an election to look to the one sued, and an abandonment of all claim against the other. In the case of *Curtis v. Williamson*, L. R. 10 Q. B., 57, the goods were purchased in the name of Boulton, without declaring his agency. The fact of the agency having been subsequently discovered, the creditor, Boulton, having filed a petition for the liquidation of his estate, inclosed his claim to be filed for payment properly proven. His attorneys, fearing that it might prejudice the claim against the principal, telegraphed the commissioner not to file the affidavit, but the dispatch not being received in time, the claim was filed, but no money paid on it. After this was done proceedings were commenced against the principal, and the defense was that the creditor had elected to proceed against the agent. The court held that it was no bar; "that the creditor had the right within a reasonable time to elect to proceed against the principal; and unless in the meantime, with the full knowledge as to who were the principals, and with the full power of choosing between them and the agent, they had distinctly and unquestionably elected to treat the agent alone as their debtor," his right to proceed against the principal had not been lost. The court further said: "In general, the question of election can only

be properly dealt with as a question of fact for the jury, subject to the discretion of the presiding judge." In *Priestley v. Fernie*, 3 Hurl. & C., 977, where the party had sued the agent, and obtained judgment, nothing else appearing, it was held that no action could be maintained against the principal. In *Calder v. Dobell*, L. R. 6 C. P., 486, the creditor had taken the note of the agent, when the name of the principal had been disclosed, and it was held that the parol circumstances under which the contract was made were admissible, and the taking of the note from the agent did not necessarily amount to an election on the part of the plaintiffs to give credit to the agent only. In *Paige v. Stone*, 10 Metc., 169, it was held that the taking of the note of the agent alone, under a knowledge of the circumstances, was a discharge of the principal. In *Calder v. Dobell*, parol evidence was admitted to explain the circumstances under which the note was taken, and the only question raised in that case was as to the admissibility of that character of testimony when attempting to charge the principal. No such question was raised or made in the case of *Paige v. Stone*, 10 Metc., 169; that case having been decided on the want of authority by the agent to execute negotiable paper for the principal. The doctrine laid down in that case is, however, the correct rule. If the creditor, with a knowledge of the facts and the liability of the principal, sees proper to take the note of the agent, the principal is released. The creditor may give the exclusive credit to the one or the other; and, in doing so with a full knowledge of all the facts, he must look to the one to whom he has given the credit. In *Raymond v. Mills*, 2 Metc., 319, the creditor proceeded in the lower court against both the principal and the agent, and when it reached the Supreme Court the writ of proceeding was dismissed as to the agent; the principal then argued that as the creditor had continued to charge the agent after he knew the liability of the principal, it was an election to look to the agent; but the court held that the creditor might have erroneously supposed that he could charge both at the same time, in the same action, and it was clearly open to any reasonable explanation consistent with the purpose of relying on the liability of the principal at all times after their liability was discovered—that it was one of these cases where the party, intending to retain all his legal rights, was yet uncertain upon whom the legal responsibility might be fixed, etc.

In the case before us, an election had been made, and an action was progressing in which the creditors were seeking to make the principal liable; and the mere fact of the claim and allowance to them in the distribution of the assets of the insolvent cashier was not an abandonment of the action against the bank. It would be unreasonable to hold as a matter of law, under such a state of facts as exists in this case, that the right to pursue the principal was lost, and that Emery's sons intended to look alone to Doern's estate for their money.

The judgment below is affirmed, except as to the complaint of Emery's Sons on their cross-petition. They are the creditors of the bank, and its assets and stock must pay their debt. Some of the stock was sold or transferred prior to the bringing of this cross-action; other stockholders have their discharge in bankruptcy; and the names or number of stockholders required to contribute, if the assets on hand are not sufficient, is not ascertained by this opinion. The amount received by Emery's Sons from the sale of the stock, and from Doern's estate, must be credited on their claim. The case is remanded on the cross-petition of Emery's Sons, for proceedings consistent with this opinion. *Thomson v. Davenport*, 9 Barn & C., 78; *Shakers v. Underwood*, 9 Bush., 609; *Dunn's Adm'r v. Kyle's Ex'r*, 14 Bush., 134.

REDUCTION OF CAPITAL.

SUPREME COURT OF INDIANA.

McCann v. First National Bank.

The capital of a national bank had become impaired by the non-payment of the interest on some bills and notes, which were among its assets, to the amount of \$71,000, and, in order to avoid an assessment by the Comptroller, the stockholders reduced its capital stock, and carried the bills and notes to the account of suspended or "bad debts," which were not thereafter included as assets, although retained in its custody. Some years afterwards the bank realized \$75,000 from collaterals pledged for the security of the bills and notes. On a suit by one of the stockholders for the purpose of compelling the bank to distribute to him a share of the amount realized, proportioned to the amount of stock surrendered, *held*, that he could not recover.

MITCHELL, C. J. The First National Bank of Jeffersonville was organized some time prior to the seventeenth day of August, 1876, in pursuance of the act of Congress which provides for the organization, and prescribes rules for the regulation and government, of national banking associations. The bank had at the date mentioned a paid-up capital of \$300,000, of which Michael V. McCann owned seventy-seven shares of \$100 each. Owing to the fact that there were among its assets about \$71,000 of bills and notes of the Ohio Falls Car and Locomotive Company, on which the interest had remained past due and unpaid for more than six months, and which were not well secured, and in process of collection, the capital of the bank had become impaired, and the Comptroller of the Currency had given notice, and was about to assess the stock to the amount of \$75,000 in order to make good the deficiency, according to the requirements of Rev. St. U. S. § 5,205. The stockholders thereupon, on due consideration, resolved to avail themselves of the privilege conferred by Rev. St. U. S. §§ 5,143 and 5,204, in pursuance of which, by the required vote, they reduced the capital stock of the bank from \$300,000 to \$225,000. There being at the time little or no prospect that the bills and notes of the car and locomotive company would ever become collectible, they were presumably carried to the account of suspended or "bad debts," and were not thereafter included in the reports made to the Comptroller, as assets of the bank, although they were retained in its custody. Some time in the year 1882, the bank realized about \$75,000 from certain collaterals which had been pledged as security for the bills and notes hereinabove mentioned. The same was carried into the account, and treated as assets of the bank. McCann, after having, with the other stockholders of the bank, surrendered an amount of his stock proportioned to the reduction made in 1876, commenced suit in May, 1885, for the purpose of compelling the bank to distribute to him a share of the \$75,000 realized as above, proportioned to the amount of stock surrendered. The question is, whether, upon the facts stated, the bank can be compelled, at the suit of a stockholder, to distribute the money realized from the collection of the suspended bills and notes.

An examination of the act of Congress makes it clear that a national banking association may, within limits, reduce its capital stock. This is provided for in express terms by section 5,143, which enacts generally, that shareholders owning two-thirds of the stock may reduce the capi-

tal stock of the bank to any amount not less than the minimum required by the act, nor than the amount required for the outstanding circulation of the bank, upon the approval of the Comptroller. Section 5,204, after providing that "no association, nor any member thereof, shall, during the time it shall continue its banking operations, withdraw, or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its capital," and after prohibiting the making of dividends in case losses have been sustained, which exceed the undivided net profits then on hand, deducting from such profits its losses and bad debts, as bad debts are therein defined, concludes as follows: "But nothing in this section shall prevent the reduction of the capital stock of the association under section fifty-one hundred and forty-three." Section 5,205 makes provision for enforcing the payment of the capital stock, in case the capital stock has not been paid in, and also provides for assessments upon the shareholders to make good any deficiency, in case the capital stock becomes impaired by losses or otherwise, and makes provision for forcing the association into liquidation, in the event of failure to pay in the capital stock, or in case the shareholders neglect or refuse to pay up assessments which have been made in order to make good deficiencies which may have resulted from losses or otherwise.

It becomes apparent upon looking into the act of Congress under which national banking associations are organized, and which regulates the conduct of their business, that shareholders owning the requisite amount of stock in such an association may reduce the amount of the capital voluntarily, for the purpose, as it were, of producing a surplus for withdrawal and distribution, or they may be constrained to a reduction of the capital, rather than submit to assessments on their stock, so as to make good deficiencies occasioned by losses or otherwise. The intent and purpose of the act plainly is that in no contingency shall the amount of the capital stock exceed its actual value, taking into account the live assets and condition of the bank. In other words, the amount of the capital must be "in line" with its value, and this uniformity may be procured, either by a reduction of the amount to any point not below the minimum required, or by assessing the stock, in case of loss or impairment, so as to make the actual value correspond uniformly with the amount of the capital stock.

The case under consideration proceeds upon the theory that the stockholders became the owners of the bills and notes, the suspension of which occasioned the reduction of the capital, because they surrendered an amount of their stock sufficient to restore the equilibrium, so to speak, between the amount and value of the capital of the bank. It is assumed that if the shareholders had reduced their capital without constraint, for the purpose merely of withdrawing the excess of capital above the amount to which it was reduced, that the excess would necessarily have been distributable among the shareholders. It is from this premise that the conclusion is drawn that the bank became liable to distribute the \$75,000 collected in the manner hereinabove stated. In support of this conclusion, *Seeley v. Bank*, 8 Daly, 400 Thomp. Nat. Bank Cas. 804 is cited. That was a case in which stockholders of a bank, representing two-thirds of its stock, reduced the capital of the bank, with the approval of the Comptroller, from \$500,000 to \$300,000. The directors resolved to distribute \$100,000 among the stockholders, and to retain \$100,000 as a surplus fund, to be used in the business of the bank. One of the stockholders, who refused to surrender any part of his stock, commenced suit, and the court held that the bank was bound

to pay the whole of the \$200,000 which resulted from the reduction to the stockholders. Stress seemed to be laid upon the fact that it appeared in that case that there had been no impairment of the capital of the bank. The reduction was assimilated to the winding up of the bank *pro tanto*.

There is certainly no express provision in the law authorizing the withdrawal and distribution of any part of the capital stock of a banking association prior to the final winding up of the bank. On the contrary, as has already been seen, section 5,204 in terms prohibits any association, or member thereof, from withdrawing, or permitting to be withdrawn, any portion of its capital stock, during the time the bank continues its banking operations. Notwithstanding this prohibition, it may well be, in case a banking association should find itself unable to employ the whole of the capital originally embarked in the enterprise, and should for that reason determine upon and actually effect an authorized reduction, that the excess would in that event be liberated, and cease thereafter to be a part of its capital stock. In such a case the excess could well be said to have accomplished its mission as bank capital, and, like a dividend duly declared, could not be carried to the surplus fund of the bank, and be divested from the stockholders without their consent. Having reduced its capital upon the sole pretext that it could not find employment for the excess, the bank would not, for obvious reasons, be heard to say, after the reduction had been allowed and made, that it would retain the money for use in its business. Such a reduction would proceed upon the implied understanding that the stockholders should have, as a consideration for the surrender of a portion of their stock, a *pro rata* distribution of the excess. To refuse to distribute the excess above what was required to maintain the reduced stock at its full value would, in such a case, be in the nature of a fraud upon the stockholders. "But it is not the rule that the reduction of a capital stock of a corporation always authorizes the distribution among the stockholders of the difference between the original and the reduced amount of capital. Such a distribution is only lawful when it appears that the original capital stock is unimpaired." Cook, Stock and Stockholders, §§ 289-537.

In the present case, the reduction was not made to effect a distribution of a portion of the accumulated surplus or unemployed capital of the bank. The original capital had become impaired by reason of "bad debts," and the stockholders were in the situation of being compelled to elect either to submit to an assessment of their stock, or go into liquidation, or reduce the capital of the bank, so as to put the amount of the capital in correspondence with its value. They chose the latter alternative. Rather than submit to an assessment of their stock, so as to make good the deficiency, each stockholder surrendered a proportionate share of his stock, and by that means they secured the privilege of continuing the business of the bank with a reduced capital. The appellant, as appears from his complaint, surrendered his proportion, receiving as a consideration therefor immunity from the impending assessment, and the privilege of holding the residue of his stock in a continuing association. This was all the consideration he contemplated, and that was implied in the transaction. (*Delano v. Butler*, 118 U. S. 634, 7 Sup. Ct. Rep. 39.) Having received the whole consideration upon which the surrender was made, the stockholders could not afterwards recover more, simply because the bank succeeded in realizing upon the suspended bills and notes, the suspension of which occasioned the reduction. If the stockholders had submitted to the proposed assessment

of their stock, and paid in the \$75,000, instead of reducing the capital stock, it would hardly be claimed that they would have become entitled to take or receive from the bank an equal amount of its suspended assets. Nor can we perceive any reason why they should have become entitled to them, because they elected to reduce the capital stock. Corporations have no implied power to enlarge or diminish their capital, or to distribute among shareholders any part of the fund which constitutes capital stock prior to the winding up of the corporation. (*Sutherland v. Olcott*, 95 N. Y. 93.) Persons who invest moneyed capital in national banking associations must look to the act of Congress, to which such associations owe their existence, and which regulates their conduct, for authority to demand the return to them of any part of the capital invested, or to receive gains in the shape of dividends therefrom. Section 5,143, under which the reduction was authorized, required the bank to obtain the approval of the Comptroller of the Currency to the proposed reduction of its capital, and the proceedings for diminishing its capital stock ended with the approval so obtained. The capital of the bank as reduced, and the assets then held by the association, constituted a trust fund upon the faith of which it was authorized to proceed with its business. The directors of the bank had no authority thereafter to permit its capital stock or assets to be further depleted by distributions in one way or the other, of bills or notes among its shareholders. (*In re Banking Co.*, 21 Ch. Div. 519.) The bank held its suspended bills under the same authority, and charged with like obligations in respect thereto, as measured its rights and duties in respect to other assets. It could only distribute its surplus money when it accumulated in the course of its business, and its right to distribute would depend upon an examination into the condition and affairs of the bank at that time. (*Strong v. Railroad Co.*, 93 N. Y. 426.) The right of the shareholders to compel a distribution growing out of the reduction was fixed by the condition of the bank as it existed when the reduction was made, and is not to be determined in the light of subsequent events. If a distribution had been authorized, and made in good faith, it is settled that the stockholders could not have been compelled to refund because of subsequent losses, even though the losses were caused by the suspension of bills and notes held by the bank at the time the distribution was made. (*Main v. Mills*, 6 Biss. 98; *Reid v. Manufacturing Co.*, 40 Ga. 98.) For the same reason the bank cannot now be compelled to distribute because of subsequent events. Upon any view of the case, the ruling of the learned judge at the circuit was right. Judgment affirmed, with costs.

Howk, J., did not participate in the decision of this case.

LEGAL MISCELLANY.

BILLS AND NOTES—ACCEPTANCE.—When the drawee of a draft writes thereon "excepted," with his name and the date, parol proof is admissible to show that he thereby accepted the draft. [*Cortelyou v. Maben*, S. C. Neb.]

BILLS AND NOTES—ATTORNEY'S FEES.—A promissory note, containing a stipulation for the payment of attorney's fees, is not negotiable. [*Altman v. Rittershofer*, S. C. Mich.]

CONTRACT—LEGAL TENDER—LAPSE OF TIME.—In 1865, demand of a debt was made in gold coin, the debtor in lieu thereof gave his note for two and a half times the amount of the debt, and the note was renewed until 1879: *Held*, that the contract made in 1865 having been acquiesced in for more than twenty years, would not be disturbed. [*Proctor v. Heaton*, S. C. Ind.]

DEPOSITARIES—CHECKS—PAYMENT.—A depositary is not required to keep a separate account for each bankrupt's estate, and must pay the checks of a court out of the fund to the credit of the court generally though the checks specify the cause in which they are drawn. [*State Nat. Bank v. Dodge*, U. S. S. C.]

NEGOTIABLE PAPER—ACCOMMODATION NOTE.—An accommodation note is good against the maker in the hands of a third person who has received it in payment of a pre-existing debt. [*Beckhaus v. Commercial, etc., Co.*, S. C. Penn.]

NEGOTIABLE PAPER—EXTENSION—INDORSER.—Where a note was given and indorsed for accommodation, and the holder extended the time of payment without the consent of the indorser, it was a question for the jury whether the extension was or was not given. [*Powers v. Silberstein*, N. Y. Ct. App.]

AGENT—AUTHORITY—PAYMENT.—When a loan is made through a broker, who is in the habit of making loans for the principal and collecting the interest and the debt, and the debtor does not know the principal, a payment to the broker is sufficient, though he has not the papers and the note is payable elsewhere. [*Kent v. Congdon*, U. S. C. C. Iowa.]

BANKS—INCREASE OF STOCK.—A subscribed for new stock on the reorganization of a bank on the basis of a total subscription of \$500,000. The actual increase was \$461,300. He protested and refused to vote on his stock, but kept the certificate till the bank went into the hands of a receiver: *Held*, he was liable on his subscription. [*Butler v. Aspinwall*, U. S. C. C. Mass.]

NEGOTIABLE PAPER—DEMAND NOTE—LIMITATIONS.—A note payable "on demand, after date," is not a time note. The statute of limitations will run against it from its date. [*Fenno v. Gay*, S. J. C., Mass.]

BANKING AND THE SOCIAL SYSTEM.

In Chicago a series of economic conferences between business and working men are in progress. The aim of them is to bring the two classes together. At a conference an address is delivered, and among those who have engaged in this praiseworthy work is Mr. Lyman J. Gage, well known as the vice-president of the First National Bank of Chicago. A considerable portion of his thoughtful and interesting address on the above topic is now put before our readers.

In giving a brief description of the organization and operations of a bank, I shall confine my description to national banks alone. This for two reasons.

First. Because whatever may be said of them may be applied in a general way to all banks; and,

Second. Because national banks have been held forth especially by portions of the public press and by platform orators as injurious monopolies. The many adjectives used in so describing them I will not repeat.

If any bank is an injurious monopoly, then national banks are so; and if they deserve such a characterization they ought to be wound up and forbidden to prosecute their injurious vocation. Do they deserve it? Let us see. A national bank may be organized by any number of citizens, not less than five, in any place in the United States. There are certain restrictions as to capital. Thus, no bank can be organized with less than \$50,000 in capital, and in certain cities they must have more, reference being in general had to the population of the village or city where such organization is proposed. The number of these organizations is nowhere limited or restricted—fifty or five hundred, so far as legal restriction is concerned, may be organized in Chicago within the next year—and the laws controlling their action are made, and may at any time be amended, by the representatives of the people in Congress assembled. The officers, directors and shareholders are held to a strict accountability; and the number of bank officers now in prison, or in Canada (by many regarded as another name for the same place), is good evidence that the laws are enforced.

A monopoly is described in the dictionary as the sole power to vend goods; a power either coming as a free grant from a government or secured by purchase. How can this word, so defined, be applied to a bank? But possibly, though not justly chargeable with monopoly, in a legal sense, they may exercise such powers as to practically bring them within the fair meaning of that word, giving it a little broader definition. What are their powers, and what are their practices?

First, as to their powers: They may deposit with the government of the United States bonds to the amount of their capital, and issue their own notes to circulate as money to the amount of ninety per cent. of the bonds so deposited. For this privilege they pay a tax into the national treasury of one per cent. per annum on the average of their notes outstanding. The small value of this privilege may be inferred from the fact that Chicago banks with a right to issue over \$14,000,000 in such notes have outstanding less than \$1,000,000. The national banks of the country, as a whole, with a right to issue about \$500,000,000 of such notes, have outstanding only about \$166,000,000.

Second: They have power to receive deposits of money, but no power to compel any man to deposit a penny.

Third: They have the power to lend money, but are forbidden by the law to loan any one person, firm or corporation, at any one period, more than ten per cent. of their capital. They are likewise forbidden to charge or receive a greater rate of interest than the law of the State allows its own citizens to charge or receive where the bank is located.

Fourth: They have power to sue and be sued in the courts, the same as an individual.

Fifth: They may buy and sell exchange on other cities.

Sixth: They may hold real estate, for office purposes, or such as they may take in the settlement of debts previously contracted, but such real estate, so received in the settlement of debts, must not be carried longer than five years.

This, in substance, embraces all their powers and privileges. It is evident from the enumeration that they can do no business unless the people in the community in which the bank is located desire it. Like a hotel or a boarding house, they may build and furnish and open their doors, but they cannot compel any one to come in. With no power of compulsion, subject to full and energetic competition, what kind of an imagination is it that finds in them anything which partakes in any way of the character of a monopoly? And why should they be called by the opprobrious name of monopolist?

We have glanced at the laws under which national banks are created and the general powers conferred upon them. Let us now look at their practical operation, and see if we can discern in their practices anything injurious to the general good. As before stated, they cannot compel patronage from any one, and so far as they do have relations with the people, it must be by the voluntary wish of the people themselves. There are over three thousand national banks in the United States, one or more being found in every village of considerable size throughout the land. As a whole, their capital aggregates \$578,000,000. This is a large amount, but they owe to the people, who voluntarily place their money on deposit with these banks, one thousand two hundred and forty millions. The depositors as a whole could buy the banks as a whole twice over, and have money left. What advantages do these depositors derive? In many cases they receive a small interest on their moneys, which would otherwise be idle and unproductive. In all cases they transfer their funds from their own custody to a place of greater average security. By the check system in vogue, they are at all times able to transfer their money, in sums to suit, by orders on the bank, instead of by an actual transfer of the money itself. The keeping of a bank account also brings the depositor into acquaintance with his banker, and gives him superior claims upon the banker's regard, should he require to borrow for the temporary needs of his business or other purposes. The amount loaned by national banks to their dealers, and to the public, as shown by the statements published in October last, was one thousand five hundred and eighty-seven millions. The value of these temporary loans to merchants, manufacturers, agriculturists, and, indeed, to the whole community, cannot be estimated. The employees of many manufacturers, who each week, with perfect regularity, receive their weekly pay, little know how often they would go home with an anxious mind and an empty pocket had not the employer found his banker ready and willing to make necessary advances to make up the weekly pay-roll.

A bank has been, not unaptly, compared to a reservoir, into which

flow the temporarily unused funds of the community. Out from it, if judiciously conducted, a portion is sent in productive streams, to enrich the channels of trade and industry.

There are two ways in which the operatives at Glasgow might obtain American flour. They might put their money together, entrust it to a capable agent, and send him with it across the Atlantic, and thence across the country which separates the Atlantic from the mills at Minneapolis or Chicago, and there lay down their money, obtain their flour, and transport it to their homes in Glasgow by such means as they could command. In the days of the patriarchs this would have been their method. So Jacob did when he sent his sons into Egypt to buy corn; but thanks to the developments of commerce, and the creation of intermediate agencies, a more convenient, economical, and a safer method now prevails. When the operative at Glasgow wants flour, he simply goes to his grocer, secures the needed quantity, and has the value of it entered to his debit on a week or a month's credit. His grocer, in his turn, gets flour from the jobber or wholesale dealer, on a credit of thirty or sixty days. But the latter does not send his money across the Atlantic. Instead of this, he sends a mail or telegraphic order to his broker in Chicago or Minneapolis, indicating the amount of flour he desires. The broker buys the commodity of the miller, who delivers the flour to the transportation company, and receives what is called a negotiable bill of lading. This instrument is merely a contract that, for a certain consideration, the company will transport the flour to Glasgow, and there deliver it to whoever may be the legal holder of the bill of lading. This instrument the miller delivers to the broker, and receives payment for his flour in the form of a check upon the bank, where, quite possibly, the broker has no money to his credit. To cover his check, so drawn, the broker hurries to the bank, draws his draft, generally at sixty days' sight, upon the jobber in Glasgow, for the value of the flour, with the addition of his small charges. To the draft he attaches the bill of lading, and thus secured in the control of the property, the banker puts to the credit of the broker the equivalent of the draft, and thus is provided a fund for the payment of the broker's check. The transaction is now so far advanced, that the flour is safely on its way to the consumer in Glasgow, and at this point the banker would seem to be the only one who is out of pocket as to money. If the matter went along to its natural conclusion, the flour would reach its destination, the draft drawn against it be duly paid to the banker in Glasgow or London for the credit and use of the American banker. How, then, will the American banker recover back the fund which it is thus seen he has transferred from his own strong box to the keeping of the English Bank? By a very simple method, as you will see. While this operation, the purchase and shipment of the flour, has been going on, another, but quite similar operation has occurred from the other side. The American millers have been receiving burlaps and bags from manufacturers in Scotland. Desiring to pay for these, they apply to the American banker, who, for the cash, will give them his draft or order against the funds to his credit in the English or Scotch bank, resulting from the draft or bill collected against the flour; and so the American banker has his fund in hand again. The flour is settled for, the burlaps are paid for, and all are satisfied. No money has passed between the two countries. The operation described is, in effect, an indirect exchange of commodities—flour for burlaps. The intervention of the banker and the use of bills of exchange alone make this possible. This illustration fairly shows how the great traffic between nations is carried

on. With imports to the value of \$700,000,000 or more, and exports to a similar amount, not more than five to eight per cent. of the whole is settled for by direct shipments of money. The great bulk is settled in the way we have described in the example of the flour and the burlaps.

Surely this is a great service. It is, in substance, as if the banker stood midway between the two countries, passing in with one hand the products of foreign skill, and passing out with the other hand, in fair exchange, the products of American industry. For this service, his charge for profit competition has reduced to an insignificant sum. His charge for profit applied to a barrel of flour would be about one and one-quarter cents per barrel. Let me give you one or two instances taken from real transactions, which will illustrate better than argument can, some of the offices and functions of a bank, and the celerity of modern methods as well. Some time ago a banker was notified that he was wanted at the telephone. With the 'phone to his ear he recognized the voice of a dealer four miles distant, who said: "It is very important that I pay to-day to Messrs. Blank, Number Blank, Union Building, London, fifty-eight hundred pounds sterling. Can it be done?" The banker's reply was, "Yes, if the cable is working. I will attend to it at once. Send in your check before close of bank." Within two hours the payment was made in London. Not long since, a Chicago dealer appeared in the bank with a cablegram in his hand. It came from a correspondent in Smyrna, Asia. It brought information that, owing to fear of a war blockade, a consignment of certain goods was offered for immediate cash at a very low price. By the bank's facilities the matter was arranged, and within twelve hours the cargo was paid for, duly loaded, and on its way to America. Curiously enough, it was a cargo of canary seed. But if the bank or the banker is so important in our foreign trade, he is immensely more so in our home affairs, where the volume of industrial exchanges is many times greater. The mind can hardly take in and comprehend the great office served by bank checks in the purchase and sale of industrial products in the United States. The daily reports of the clearing houses of the principal cities show that daily transactions covered by checks drawn upon banks aggregate about \$160,000,000 per day. The total supply of money in the country is less than sixteen hundred millions, including gold, greenbacks, national bank notes, silver and silver certificates. If commercial transactions were carried by the use of money alone, an amount very much larger than our total present supply would be constantly in transit, at enormous expense and great risk, or, the stock of money remaining the same, the price of commodities and labor would shrink to a degree that no man can estimate, in order to be exchanged against direct cash payments. At least eighty-five per cent. of all commercial payments are now made with checks and drafts.

In the course of the exchanges hinted at rather than fully described, it is the function of the banker to make payment for industrial products at the point of production, or at the point where they are first offered for sale, in ready cash, and to get his reimbursement from the final market or point of consumption. To illustrate: The value of live animals annually marketed at the Union Stock Yards in Chicago is not far from \$200,000,000. All are paid for by check on the bank as fast as weighed. The larger part, as you know, go forward to other markets, either immediately or after being converted into cured meats. In the final markets throughout the East, the banker realizes the fund he has here advanced. The same method is in vogue regarding all agricultural products here marketed. This service of the banker is surely a great

advantage to the Western farmer, unless too dearly secured. What is the banker's charge for making these cash payments here and taking his reimbursement three days later in New York, Baltimore, Boston or Philadelphia? About fifty cents on each \$1,000 is the average charge.

I might speak of the honorable character of an office and duty so high and important as we have seen rest upon the banker. I might also show in many other ways the benefit he confers upon the community, a benefit not conferred upon the rich and prosperous class alone, but shared in by the humblest member of our industrial society. If the suggestions I have made go to show that he fills a necessary and useful place in the social and economical system, my object is attained. I should not like to attempt to prove that he is, by the nature of his calling, a disinterested philanthropist. "Favor and benevolence are not the attributes of sound banking; the rigid performance of contracts is its sure foundation." The banker is the natural result of the unfolding and development of the modern social state. In this unfolding, the division of labor has been a marked feature, and in this process of division, the banker, the broker, and the insurance office, have been indispensable factors. To try to eliminate them would be a folly as great as to dis sever from the human body any one of its useful members.

BANK BILLS.

SECURITY FOR CIRCULATING NOTES.

That national banks hereafter organized shall not be required to deposit with the Treasurer of the United States, or keep on deposit, United States bonds in excess of one thousand dollars in par value, as security for their circulating notes; but such banks shall deposit with the Treasurer of the United States and keep on deposit as security for their circulating notes not less than the amount of bonds herein mentioned: *Provided*, That the amount of such circulating notes shall not in any case exceed ninety per centum of the par value of the bonds deposited as herein provided.

SEC. 2. That any national bank now or hereafter organized is authorized to reduce the amount of bonds on deposit as security for its circulating notes to any amount not less than one thousand dollars in par value, by reducing its circulation, by the deposit of lawful money in the manner and subject to the conditions and restrictions now provided by law: *Provided*, That no bank having a capital of more than one hundred and fifty thousand dollars shall reduce the amount of bonds on deposit as security for its circulating notes to an amount less than fifty thousand dollars in par value, by withdrawing, in any one year, bonds in excess of ten thousand dollars in par value; and no bank having a capital of one hundred and fifty thousand dollars, or less, shall reduce the amount of bonds on deposit as security for its circulating notes to an amount less in par value than one-fourth of its capital stock by withdrawing, in any one year, bonds in excess of five thousand dollars in par value. *Introduced by Hon. George E. Adams, Illinois.*

That section 5,159 of the Revised Statutes be, and the same is hereby amended to read as follows:

"SEC. 5159. Every association, after having complied with the provi-

sions of this title preliminary to the commencement of the banking business, and before it shall be authorized to commence banking business under this title, shall transfer and deliver to the Treasurer of the United States any United States registered bonds bearing interest to an amount not less than one-tenth of their capital stock paid in. Such bonds shall be received by the Treasurer upon deposit, and shall be by him safely kept in his office until they shall otherwise be disposed of in pursuance of the provisions of this title: *Provided*, That the board of directors of such associations may, by a two-thirds vote, elect to issue no circulation, in which event the depositing of bonds will not be required: *Provided further*, That any national banking association desiring to withdraw its circulation may deposit with the Treasurer of United States lawful money in amount equal to its outstanding notes, and take up the bonds which such association has deposited for the security of circulating notes." *Introduced by Hon. E. N. Morrill, Kansas.*

BANK NOTE CIRCULATION.

That any national banking association in existence as such at the time of the passage of this act, or who may thereafter deposit United States bonds bearing interest, in the manner required by law, shall be entitled to receive from the Comptroller of the Currency circulating notes not exceeding the par value of the bonds so deposited, in manner and in denominations as are provided by law: *Provided*, That at no time shall the total amount of such circulating notes exceed the actual paid-in capital of such association; and that all laws or parts of laws inconsistent with this act be, and the same are hereby, repealed. *Introduced by Hon. Beriah Wilkins, Ohio.*

COIN CERTIFICATES.

That hereafter coin certificates shall be issued of any denomination for which legal tender notes of the United States may now be issued, and when received at the Treasury reissued as provided for in section two of this act; and all gold and silver certificates now outstanding shall be retired when they are received at the Treasury of the United States.

SEC. 2. That it shall be the duty of the Treasurer of the United States, upon the receipt of an original certificate of deposit issued by the United States Assistant Treasurer of any United States Sub-Treasury, stating that there has been deposited therein gold coin or standard silver dollars of the United States in the sum of fifty dollars or any multiple thereof, payment of a like amount in coin certificates at the counter of any United States Assistant Treasurer designated by the depositor shall be ordered, which shall be redeemable in gold or silver coin at the option of the United States. Such certificates shall be receivable for customs, taxes, and all other public dues, and shall be a legal tender in payment of all debts, public and private.

SEC. 3: That no certificate shall be issued of a denomination greater than five hundred dollars; that at least two-thirds of such certificates outstanding at any time shall be of denominations not exceeding fifty dollars, of which two-thirds, at least thirty per centum, shall be of denominations of ten dollars and less.

SEC. 4. That there shall be no further issue or reissue of five dollar national bank notes, nor of one, two, and five dollar United States notes, but notes of larger denominations may be issued in place of the five dollar national bank notes retired, and the total amount of United States notes as now fixed by law shall be kept up by substituting notes

of a higher denomination for one, two and five dollar notes. And after the passage of this act Treasury certificates shall not be issued on deposited United States notes. *Introduced by Hon. William C. P. Breckinridge, Kentucky.*

BILL TO INCREASE THE CIRCULATION OF SILVER.

That it is hereby made the duty of the Secretary of the Treasury to withdraw from circulation and destroy all United States legal tender Treasury notes of a less denomination than ten dollars, and to issue in lieu thereof an equal amount of said Treasury notes in denominations of ten dollars and over.

SEC. 2. That hereafter no gold coin of a less denomination than ten dollars shall be coined at or issued from any mint of the United States; and the Secretary of the Treasury is hereby directed to withdraw from circulation, as fast as practicable, all gold coins of the United States of a less denomination than ten dollars, and cause the same to be recoined in pieces of the denomination of ten dollars or of greater denominations.

SEC. 3. That the Treasury Department shall not issue hereafter to any national bank, circulating notes for said bank of a less denomination than ten dollars; and it is hereby made the duty of each national bank to return to the Treasury for redemption and destruction all national bank notes and all Treasury notes of a less denomination than ten dollars which may come into its possession; and on such return the Secretary of the Treasury shall redeem the same in gold coin or lawful currency of the denomination of ten dollars or over, or in standard silver dollars or in silver certificates, and charge each bank with the amount so paid out in the redemption of its notes; and he shall thereupon notify each bank of the amount of its notes so redeemed, and require said bank to pay said amount to the Treasury within thirty days; and if any bank shall fail to make such payment within said thirty days, the Secretary of the Treasury shall sell of the United States bonds of said bank deposited to secure its circulation, a sufficient amount to reimburse the Treasury for the said redemption; and the said Secretary may issue to any bank new circulating notes of the denomination of ten dollars or over to an equal amount of the notes of said bank so redeemed, not, however, to exceed in any case, with the notes of said bank then outstanding and unredeemed, the amount of notes authorized by law to be issued on the deposit made by said banks of United States bonds to secure its circulation.

SEC. 4. That the Secretary of the Treasury shall issue silver certificates of the respective denominations of one dollar, two dollars, and five dollars upon the deposit in the Treasury of standard silver dollars or of silver bullion to the amount of said standard silver dollars, and of the value at the United States mint of said bullion, said issue, in the aggregate amount thereof, to be regulated so that it shall not be at any particular time below the aggregate amount of the small notes and coins which at that time have been withdrawn from circulation under the provisions of this act; and such certificates shall be a legal tender in payment of all debts, public or private.

SEC. 5. That the Secretary of the Treasury shall not hereafter make any discrimination against silver or silver certificates in the payment of any debt or demand against the United States, except when said debt or demand arises on a contract specifically and expressly requiring payment in some other currency.

SEC. 6. That the Secretary of the Treasury be, and he is hereby

authorized and directed to make such rules and regulations as may be needful for carrying out the provisions of this act, and to put in circulation the silver certificates herein provided for, as soon as practicable. *Introduced by Hon. B. W. Perkins, Kansas.*

THE ISSUE OF TREASURY NOTES.

That section 5,224 of the Revised Statutes of the United States be amended by striking out the words "have power to sell," in the tenth line, and inserting the word "cancel;" and by striking out the words "at public auction in" in the eleventh line, the words "New York city" in the twelfth line, and the words "and the necessary expenses of the sale to" in the thirteenth line of said section.

SEC. 2. That any association organized under this act, or any of the acts of which this is an amendment, shall, upon the expiration of its charter, return to the Treasurer of the United States its circulating notes, or make a sufficient deposit of lawful money to redeem its outstanding circulation; whereupon the bonds deposited by the association to secure payment of its notes shall be reassigned to it in the manner prescribed by section 5,162; and thereafter the association and its shareholders shall stand discharged from all liabilities upon the circulating notes, and said notes shall be redeemed and canceled at the Treasury of the United States. And if any such association shall fail to make the deposit and take up its bonds for twelve months after the expiration of its charter, the Comptroller of the Currency shall cancel the bonds pledged for the circulation of said association; and after providing for the redemption and cancellation of said circulation he shall pay over any balance remaining to the association or its legal representatives.

SEC. 3. That from and after the passage of this act the Treasurer shall not be permitted to issue or sell any United States bonds.

SEC. 4. That the Secretary of the Treasury be, and is hereby, authorized and directed to cause to be printed and engraved notes of the United States, in addition to those heretofore authorized, and of the same kind and character as those now in circulation, in denominations of one, two, five, ten, twenty, fifty, and one hundred dollars, to an amount not exceeding the aggregate national bank note circulation.

SEC. 5. That it shall be the duty of the Secretary of the Treasury to substitute and pay out the notes hereby authorized, in lieu of the national bank notes now outstanding and in circulation, as soon as said bank notes are redeemed.

SEC. 6. That for the purpose of carrying into effect the objects of this act the Secretary of the Treasury is authorized to make such rules and regulations as he may deem necessary and proper. And all acts and parts of acts inconsistent or in conflict with the provisions of this act are hereby repealed. *Introduced by Hon. C. N. Brumm, Pennsylvania.*

That as soon after the passage of this act as may be practicable, the Secretary of the Treasury shall have prepared an issue of Treasury notes to an amount not exceeding the sum of the circulating notes of the national banking associations outstanding at the date of the passage of this act, which shall be used exclusively in the redemption, payment, and retirement from circulation of the said notes of the national banks. Said Treasury notes shall not bear interest, and shall be in the form following:

"WASHINGTON, D. C., _____."

"The United States of America is indebted to bearer in the sum of _____ dollars."

And shall be signed by the Treasurer and countersigned by the Regis-

ter of the Treasury, or their signatures thereto be engraved; and they shall contain such statements, devices, and inscriptions, as the Secretary of the Treasury may direct; and the denominations of said notes and the general similitude thereof shall conform as near as may be to those of the United States notes commonly known as legal tender notes. They shall be receivable in payment of all taxes, customs duties, excises, debts, and demands of every kind due to the United States, and of all claims and demands against the United States, except for the principal and interest of United States bonds made payable in coin by existing law.

SEC. 2. Hereafter no more circulating notes shall be issued to any national banking association, and every such association shall deposit in the Treasury of the United States, during each and every month from and after the passage of this act, United States legal tender notes, or national bank notes, not less in amount than five per centum of its whole circulation outstanding, until it shall have so deposited, in legal tender notes or national bank notes, a sum equal to the entire amount of its circulation outstanding. And when said monthly deposit is made, the Secretary of the Treasury shall reassign and deliver to each of said banking associations, a proportional amount, as near as may be, of its bonds deposited in the treasury, to secure its circulating notes aforesaid; and when it shall have deposited, in legal tender notes or its own notes, the full amount of its circulation outstanding at the passage of this act, he shall cause to be reassigned and delivered the remainder of its bonds deposited as aforesaid; and each of said banking associations shall surrender to the Treasurer the receipt of the Comptroller of the Currency for said bonds; and all of the said circulating national bank notes, as they are so deposited in each month, shall be canceled and destroyed under such regulations as the Secretary of the Treasury may prescribe. And after the said banking associations shall have surrendered and deposited bank notes and legal tender notes equal to the whole of the outstanding bank note circulation issued to such banking associations, said banking associations shall be released and discharged from further obligation to redeem any of their then outstanding circulating notes, and the same shall thereafter be redeemed by the United States in legal tender notes at the Treasury of the United States. All banking associations organized under existing law with power to issue their notes, redeemable in gold coin, shall, in lieu of making any part of the monthly deposit required by the preceding section in legal tender notes, make the said monthly deposit in their own circulating notes, or in gold coin, in the Treasury of the United States; and when all the outstanding circulation of such gold banks shall be deposited in circulating notes of said banks, or in gold coin, the bonds of the United States held by the Treasurer to secure the said circulating notes shall in like manner be reassigned and delivered to said gold banks, and the receipt therefor of the Comptroller of the Currency be surrendered to said banks; and thereafter the circulating notes of said gold banks then outstanding shall be redeemed in gold coin by the United States at the Treasury. And if any banking association shall fail to make the deposit and take up its bonds, as herein provided for, within sixty days after the expiration of the month during which said deposit is required to be made by this act, the Comptroller of the Currency shall immediately sell a proportional part of the bonds pledged for the security of the circulation of such banking association at public auction in the city of New York; and after providing for the redemption and cancellation of said circulation, and the necessary expenses of sale, pay over any balance to the bank or its legal representative.

SEC. 3. It shall be the duty of the Secretary of the Treasury, as the said five per centum of the outstanding circulation of the banks are deposited as aforesaid, and the said circulating notes of the banks are canceled and destroyed as provided in the preceding section, to issue an amount of the Treasury notes authorized by this act equal to the amount of the circulating bank notes so deposited, canceled, and destroyed.

SEC. 4. The tax on the circulation of national banking associations is hereby abolished; and all provisions of law requiring the said banks to keep in their vaults in the Treasury, at redemption agencies or elsewhere, any sum of legal tender notes to protect the circulation of said national banks, are hereby repealed; and all acts and parts of acts inconsistent with the provisions of this act are also repealed. *Introduced by Hon. R. W. Townshend, Illinois.*

That the Secretary of the Treasury be, and he is hereby, directed to cause to be prepared an amount of United States Treasury notes, in denominations of one, two, five, ten, twenty, fifty and one hundred dollars, equal to the amount of the outstanding circulating notes of national banks at the date of the passage of this act, said notes to be covered into the Treasury to be disposed of as hereinafter provided.

SEC. 2. That whenever national bank notes now in circulation shall be received at the Treasury, sub-treasury, or other lawful depository of the United States, said notes being the property of the United States, they shall be assorted and an entry shall be made of their denomination, number, and the name of the bank by which they were issued, after which they shall be canceled and destroyed in manner to be prescribed by the Secretary of the Treasury, and an equal amount of Treasury notes provided for in the first section of this act shall be placed in the Treasury as current funds, in lieu of the national bank notes so canceled and destroyed.

SEC. 3. That whenever any national bank shall retire its circulating notes, or any part thereof, in manner now provided by law, the Secretary of the Treasury shall place to the credit of the Treasury an equal amount of the Treasury notes provided for in section one of this act, so as to prevent a decrease in the circulating paper currency.

SEC. 4. That whenever the Secretary of the Treasury shall cancel and destroy national bank notes as provided by this act, and shall issue in lieu thereof United States Treasury notes, it shall be his duty to cancel a like proportion of the principal of the United States bonds held by the Treasury as security for the redemption of the circulating notes of said bank, and shall enter the same as payment on the principal of said bond or bonds.

SEC. 5. That the Treasury notes provided for by this act shall be legal tender for all debts, public and private, except where otherwise provided by law, and shall be paid out and kept in circulation as provided in case of United States notes now outstanding.

SEC. 6. That hereafter there shall be no further issue of national bank notes to any banking association or associations whatsoever; and all acts or parts of acts inconsistent herewith are hereby repealed. *Introduced by J. B. Weaver, Ohio.*

That from and after the passage of this act all notes of national banks which may be received by the Treasury Department, or by any officer thereof, shall be forwarded to the Secretary of the Treasury, at Washington city, who shall retain the same, and shall not pay them out again

for any purpose whatever, but shall assort them; and whenever the notes of any one bank shall be received to the amount of one thousand dollars it shall be the duty of the Secretary of the Treasury to immediately notify the officers of such bank, and require them to come forward and lift the bonds of the United States pledged for the redemption of said notes, to an amount equal to the said national bank notes so held; which notes so redeemed shall be immediately canceled and destroyed by the Secretary, in accordance with the provisions and requirements of existing laws.

SEC. 2. That it shall be the duty of the Secretary of the Treasury, whenever the notes of any national bank to the amount of one thousand dollars or more shall be canceled or destroyed under the provisions of this act, to cause to be printed and made ready for issue, under the form provided in the law of 1862, and subsequent acts, authorizing the issue of Treasury notes, an amount of Treasury notes exactly equal to the amount of national bank notes so canceled and destroyed; which said Treasury notes shall be issued and paid out, for any and all demands against the Government of the United States, as fast as may be by law authorized and permitted; and when so issued they shall be held and esteemed a legal tender for all purposes not otherwise previously provided or forbidden by law.

SEC. 3. That it shall be the duty of the Secretary of the Treasury, whenever the amount of Treasury notes issued under authority of this act shall accumulate to the amount of one hundred thousand dollars, to expend the same in the purchase of any of the interest-bearing bonds of the United States which may be authorized by existing laws, and in conformity with their provisions.

SEC. 4. That the Secretary of the Treasury is hereby prohibited, from and after the passage of this act, from receiving on deposit any bonds of the United States as a pledge or security for any further issue of national bank notes to circulate as currency or money.

SEC. 5. That national bank notes shall hereafter be received for all dues to the Government of the United States on the same footing as other lawful money. *Introduced by Hon. C. N. Brumm, Pennsylvania.*

That whenever the circulation of any national bank, or any portion thereof, shall be surrendered, the Secretary of the Treasury shall thereupon issue an equivalent amount of Treasury notes of the denominations now provided by law for national bank notes. Said Treasury notes shall be deposited in the Treasury and paid out as other moneys kept for the discharge of the obligations of the Government. They shall be receivable for salaries and for all dues to the Government, including duties on imports; shall be a legal tender between national banks and for all debts due to any national bank; shall be redeemable in coin, as the legal tender notes of the United States now are; and when received into the Treasury they shall be reissued, and when mutilated or worn they shall be replaced, in the same manner as now provided by law for said legal tender notes. The coin held in the Treasury at the date of the passage of this act for the redemption of the legal tender notes of the Government shall also be applicable to the redemption of the Treasury notes herein provided for; and such coin reserve may from time to time be increased by adding thereto other sums from payments made into the Treasury, in the discretion of the Secretary of the Treasury: *Provided* That the total amount of said coin reserve shall never be less than twenty-five per centum nor more than thirty per centum of the total amount of legal tender and Treasury notes outstanding. *Introduced by Hon. D. B. Culberson, Texas.*

ECONOMIC NOTES.

THE RICHEST PEOPLE ON EARTH.

"The wealth of the United States is phenomenal. In 1880 it was valued at \$43,642,000,000; more than enough to buy the Russian and Turkish Empires, the kingdoms of Sweden and Norway, Denmark and Italy, together with Australia, South Africa and all South America lands, mines, cities, palaces, ships, flocks, herds, jewels, moneys, thrones, scepters, diadems, and all the entire possessions of 177,000,000 people. Great Britain is by far the richest nation of the Old World, and our wealth exceeds hers by \$276,000,000. The most remarkable point of this comparison is that European wealth represents the accumulation of many centuries, while the greater part of ours has been created in twenty years. In 1860 our wealth was valued at \$16,160,000,000. In 1880 it had increased 170 per cent. During that period a million producers were destroyed by war, and not only were two great armies withdrawn from productive occupations, but they devoted marvelous energy and ingenuity to the work of destruction. Moreover, during the same period, slaves, whose value was estimated in 1860 at \$1,250,000,000, disappeared from the assets of the nation. But notwithstanding all this, our wealth during these twenty years increased \$27,482,000,000—\$10,000,000,000 more than the entire wealth of Russia, to be divided between 82,000,000."—*Dr. Strong.*

RUSSIA'S AGRARIAN QUESTION.

My remarks on the Russian land banks are singularly corroborated by the last published report of their operations, the chief object of which, as I stated, was to assist the emancipated peasants to clear off the land tax and to acquire permanently the plots apportioned to them. The report for the last year shows that, although eight new branches of the bank were opened, the actual operations have very considerably diminished, and the deposits fallen by 10,000,000 rubles. The larger and poorer class of peasants have been unable to give the necessary security for advances. The selling price of their grain has already decreased, while the price of the land has remained high and shows a tendency to rise higher still. This is owing directly to the demand of the nobles and rich farmers, who are benefiting from the agrarian banking system, ostensibly and specially established for the benefit of the peasants. In many districts there is evidence of the existence of rings among the nobles and rich farmers for the expropriation of the impoverished peasantry. Where the poor struggling peasant fails to get assistance from the bank, his last resource is to go to the Jewish usurer, which means ultimate and speedy ruin. The greatest amount of misery exists among the peasantry in the Governments of Ekaterinoslav, Penza and Poltava, where bad harvests and cattle plague have been added to the reduced selling price of the scanty yield. No matter how the provincial authorities may gloss this question over, it is only too evident that with the agrarian banks virtually in the hands of the noble landowners and of the small class of rich peasant proprietors, we may look, in the absence of speedy Government succor, for a gradual reversal of the act of Emancipation, for the benefit of these two classes, leaving a mass of starving peasantry infinitely worse off than they were before 1863.—*London Daily News.*

A GREAT LAND SPECULATION.

The financial history of the Elyton Land Company, which at one time owned all the land on which Birmingham, Ala., is built, reads like a romance. This company was originally chartered with a capital stock of \$100,000, and the incorporators accepted stock in payment for lands owned individually. This was less than fifteen years ago. After a few years of hard effort many of the shareholders became tired of their investment, as the future appeared to hold out no marked improvement either in the prospective value of the stock or the settlement of the lands owned by the company. Stockholders hypothecated their holdings, and a story is told on the streets of Birmingham to-day that is vouched for by the leading citizens, to the effect that one holder of \$35,000 worth of Elyton land stock, on which a bank of the town had owned \$3,000, forced the sale of the block of stock and less than \$600 was realized. Now all this is changed. A "boom" struck Birmingham, and last spring \$4,000 cash was offered per share of \$100 with no seller. What the stock is worth now will be better appreciated when it is stated that the land company has just declared a scrip dividend of 1200 per cent., amounting to \$2,400,000. This dividend is based on the immense amount of secured notes given to the company in payment of land. The scrip dividend is virtually equivalent to a cash dividend of 1200 per cent. for the six per cent. bonds, which are to be issued to retire the scrip, and secured by over \$15,000,000 worth of property, consisting of town lots, buildings, mines, furnaces, water works, railroads, etc.

THE RICHES OF BOLIVIA.

Bolivia is doubtless the richest in minerals of any land on the globe, and millions upon millions of precious metals have been taken out of her mines by the primitive process which still exists, and must exist till railroads are constructed to carry machinery there. Every ounce of ore that finds its way out of the Andes is carried on the back of a man or a llama, and the quartz is crushed by rolling heavy logs upon it. By this method Bolivia exports from \$12,000,000 to \$15,000,000 of gold and silver annually, and the output would be fabulous if modern machinery could be taken into the mines. The distance from Jujuy to the farthest mining district of Bolivia is 700 miles, and it is no farther to the diamond fields of Brazil. Bolivia offers a grant of twelve square leagues of land and \$40,000 a mile for the extension of the Argentine Northern to Sucre, and English capitalists are ready to continue the work as soon as the Argentine government drops it at the boundary line. A territory as large as that which lies between the Mississippi River and the Rocky Mountains remains entirely unexplored. On its borders are the richest of agricultural lands, immense tracts of timber, diamond-strewn streams, and the silver and gold deposits of Cerro de Pasco and Potosi. What lies within is the subject of speculation. The tales of explorers who have attempted to penetrate its mysteries read like the old romances of Golconda and the El Dorado of the Amazons, where the women warriors wore armors of solid gold; but the swamps and the mountains, the rivers that cannot be forded, and the jungles which forbid search, the absence of food, and the difficulty of carrying sufficient supplies on foot, with the other obstacles that have prevented exploration, will be overcome eventually, and the secret that has tantalized the world for four centuries will be told by ambitious scientists.—*Age of Steel.*

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

BANK LIEN.

Can collection bills belonging to a bankrupt be held by a bank against a debt? If a customer of a bank fails, and the bank has in its possession bills belonging to him, left for collection, can it collect them and apply the proceeds to any debt due it? If so, would it not be obtaining a preference over other creditors? Does it make any difference if the customer is not bankrupt, though indebted to the bank?

REPLY.—The bank can hold the bills *In re Farnsworth, Brown & Co.* (5 Biss., 223), the firm kept an account with a bank in Chicago, and usually collected debts due to them by drawing bills against their customers, indorsing these to their bank, which forwarded them for collection to banks nearest to the debtors. The firm was indebted to their bank on a demand note for \$5,000. Shortly before the failure of the firm, but while in good credit, they handed to the bank a number of drafts for collection, on which it collected, after their failure, \$1,200. The question, therefore, was squarely raised in that case, whether the bank could apply this money on the firm's note, or whether it must pay the money to the firm's assignee for general distribution. "Although the question," said the court, "is not wholly free from difficulty, I think the weight of authority is in favor of the right of the bank to apply the money so collected, in liquidation, so far as it will go, on its own indebtedness." The case of *Muench v. Valley National Bank* (11 Mo. App. 144, p. 150), is equally decisive. Said the court: "That bankers have a lien on all money and funds of a depositor in their possession, for the balance of a general account, is undisputed. . . . We have no doubt that when a discount has been made by the bank, and the note has matured, so as to create an indebtedness from the depositor to the bank, all funds of the depositor which the bank has at the date of the maturity of the discounted note, or which it afterward acquires in the course of business with him, may be applied to the discharge of his indebtedness to the bank; and this is true, not only of the general deposit of the customer, but the rule applies to any commercial paper belonging to the depositor in his own right, and placed by him with the bank for collection." In support of this rule the court cited several authorities (*Jourdain v. Lefevre*, 1 Esp. 66; *Scott v. Franklin*, 15 East. 428; *Ex parte Pease*, 1 Rose, 232; *Ex parte Pease*, 19 Ves. Jr., 25.) A bank, however, cannot apply a depositor's balance on an obligation which matured after his failure or assignment. (*Beckwith v. Union Bank*, 11 N. Y., 211.

INDORSEMENT.

Can a bank require a person, who presents the following check, to indorse it before paying it: "First National Bank, pay to John Smith or order five hundred dollars.

\$500.

S. N. Y. & Co."

REPLY.—This question we have answered several times. Banks require check-holders to indorse the checks they present, for several well-known

reasons; but if a check is drawn payable to the order of a person, and he presents it for payment, the bank must obey the direction of the drawer, if having enough of his money. It cannot withhold payment if the holder should decline to indorse it. The order of the drawer is imperative. It is without a condition. If the bailor of goods should give an order for them to a third person, and he should make a demand therefor, the bailee, under ordinary circumstances, would not be justified in dishonoring it. The precise question, though, has never been answered by any court of last resort in this country. In the case of *McCurdy v. National City Bank*, before the Court of Common Pleas, Cuyahoga County, Ohio, which was published in the *BANKER'S MAGAZINE*, vol. 37, p. 135, Judge Jones said: "We think there can be no room for doubt that when a promissory note, bill, or check, is drawn, payable to any named person or order, and it is indorsed in blank with the genuine indorsement of the payee of the bill, that the title of the note, bill, or check passes by delivery, it is payable to whomsoever becomes the holder of it, that he may bring suit thereon, that payment to such holder on such blank indorsement is authorized, and that such payment will exonerate the bank when made in good faith." The Judge also quoted from an Ohio case, decided by the Supreme Court, in which that tribunal remarked that "The duty of a banker is to pay the bills and checks of his customers, drawn payable to order, to the person who becomes holder by a genuine indorsement." And again: "We do not think that the right of the absolute owner of a fund to direct to whom a check drawn upon it shall be paid, can be questioned."

AUTHORITY OF CASHIER TO PLEDGE THE BANK'S PROPERTY.

If a bank is unable to meet its daily settlements, can the cashier pledge its bills receivable as security? Should the bank fail within a few days, can the banks which received the bills retain them, or be obliged to return them to the liquidator?

REPLY.—A cashier, as incident to his office, has authority to borrow money for his bank, and also to pledge its property as security. In *Coats v. Donnell* (94 N. Y. 168, p. 176), Andrews, J., said: "The cashier of a bank is its executive officer, and it is well settled that, as incident to his office, he has authority, implied from his official designation as cashier, to borrow money for, and to bind the bank for its repayment, and the assumption of such authority by the cashier will conclude the bank as against third persons who have no notice of his want of authority in the particular transaction, and deal with him upon the basis of its existence. (*Curtis v. Leavitt*, 15 N. Y. 9; *Barnes v. Ontario*, 19 *Id.* 152.) The negotiation of the drafts in this case by the cashier was within his authority. The power to borrow being admitted, the power to secure the loan by pledge of the property or funds of the bank (in the absence of any statutory vestment), in the ordinary course of business, would seem to be a necessary inference from the primary power, and this is recognized in the cases to which we have referred." This is a recent case, and covers the point raised. In an early number of the *MAGAZINE* all the law on the subject will be considered.

POWER OF NOTARY'S CLERK.

Can a clerk in a bank act as clerk for the bank's notary in his absence, the latter leaving the necessary papers signed? Or, if a notary should instruct such clerk to protest all paper that might fall due during his absence of two or three days, and he should leave papers signed for the purpose, would a protest made by the clerk be legal?

REPLY.—It would not. There has been much discussion by the courts concerning the powers of clerks to perform the duties of a notary in demanding payment and making protests of commercial paper. The question is really a double one; first, can the clerk make a presentment and demand payment; and second, if having the right to do this, can he also make a protest? With respect to the first question the authorities are not uniform; the more general rule, however, in this country is that the clerk cannot make presentment and demand payment. Says Judge Holmes, in a well-considered case (*Commercial Bank v. Barksdale*, 36 Mo. 563. p. 572): "It is well established that the presentment and demand must be made in person by the same notary who protests the bill; it cannot be done by a clerk, nor by any other person as his agent, though he be also a notary." But this rule may be changed by usage in particular places; and, in truth, has been changed, especially in New York city. (*Commercial Bank v. Var-num*, 49 N. Y. 269.) This objection was raised before the Supreme Court of Maryland, concerning a note that had been protested by a notary public in New York city, and which had been presented for payment by one of his clerks. Goldsborough, J., said: "We cannot regard this as a valid objection. In a commercial community so extensive as New York, it would be almost impossible for a notary to execute every portion of his duty without aid, and the custom of merchants, and the current of authorities upon this subject, sanction the employment of such aid." (*Munroe v. Woodruff*, 17 Md. 159, p. 164.)

With respect to the second question we cannot answer in a better way than to use the language of Judge McLean: "If it were admitted that a notary's clerk may make a demand of payment, yet it is very clear that the clerk cannot make the protest. This must be done by the officer who acts under oath, and to whose official acts, duly certified, the law gives verity." (*Sacridier v. Brown*, 3 McLean, 481, p. 483.) Daniel has fully considered this subject in his work on "Negotiable Instruments" (§§ 579-587), and Randolph has also, in the third volume of his work on "Commercial Paper," § 1,139, p. 136.

BOOK NOTICES.

A Treatise on the Law of Commercial Paper, containing a full statement of existing American and Foreign Statutes, together with the text of the Commercial Codes of Great Britain, France, Germany and Spain.

By JOSEPH F. RANDOLPH, of the New Jersey Bar. Vol. III. Jersey City, N. J.: Frederick D. Linn & Co., Law Publishers and Booksellers, 1888.

Two kinds of law treatises are very useful to the legal profession: those of an elementary nature, which contain a correct statement of the leading principles, drawn from the best decisions, and those in which everything is gathered that has been produced in a particular field. The work before us is of the second kind. It aims to be a complete and correct exposition of the law relating to commercial paper. There is an intermediary kind, containing rules established in a large number of cases pertaining to a particular subject, but not all, and these works are not especially valuable, and their preparation should be discouraged. If, after searching through a work on commercial paper, for example, to find the answer to a question, it is believed that more knowledge may be found in the digest, and these are consequently explored, this had better have been done in the beginning, as the time spent in the preliminary search would have been saved. But if the work contains all the law, if the answer is complete, whatever it may be, the work possesses a great value, is a truly time-saving instrument, and the author has performed an excellent service for which he merits the grateful acknowledgment of his profession. Mr. Randolph's work shows great care in preparation, and an evident desire to present all the law on commercial paper. The subject is so vast it can hardly be expected, however conscientious his purpose, that he has caught everything, yet he has dredged far more thoroughly than any other writer, and has produced a work which will doubtless be highly appreciated by the legal profession.

Letters of David Ricardo to Thomas Robert Malthus. 1810-1823. Edited by JAMES BONAR, Oxford. At the Clarendon Press, 1887.

These letters treat principally of economic matters and possess permanent value. Those written by Malthus have not been found, and though Ricardo often states the position of his opponent before answering him, they doubtless contained many things, judging from the glimpses obtained in Ricardo's letters, which would have been worth knowing. The two men were quite unlike in their way of handling economic questions. Ricardo was purely speculative. A few assumptions furnished all the material he needed for his economic outfit. With these he spun his theories, and whenever an illustration was needed he always invented one instead of drawing an illustration from actual experience. Malthus, on the other hand, was always testing his theories by putting them by the side of experience.

Ricardo regarded such testing as "too practical;" he thought that by taking too much notice of isolated facts theory was deflected from the true line. He, therefore, let facts severely alone.

The two men always had the warmest regard for each other, which was in no wise lessened by their mental economic differings in the end. For, notwithstanding their evident desire to find the truth, and their constant endeavor to draw nearer to agreement, they were quite as far apart^o at the close of their correspondence as ever. Indeed, this is one of the surprising things pertaining to their controversy. Between enemies, or in public where personal pride might have led each combatant to maintain his position to the last, the result would have been less surprising; but in private, as this controversy was, and between two excellent friends, one would expect to read sooner or later of yielding, of concession, of agreement. There is very little of this, however, in these pages. Doubtless the fondness of Ricardo for pure theory, and of Malthus for the trial of theory by fact, prevented them from coming nearer. These letters are valuable for many reasons. Some of Ricardo's speculations in his other works are more luminous by throwing this side light on them; and not the least important is the beautiful illustration here furnished of the spirit in which scholarly controversy should be conducted. This is the kind which makes men better, whatever be their conclusions, and the world is better, too, for knowing that two strong men, as Ricardo and Malthus were, and with many points of difference, could battle with each other vigorously for many years, and yet with constantly growing friendship.

A History of Political Economy. By JOHN KELLS INGRAM, L L. D. With Preface by PROF. E. J. JAMES, Ph. D., University of Pennsylvania. New York: Macmillan and Co., 1888.

This is a work of great merit. Since T. E. Cliffe Leslie's death, the author has been the leading representative of the historical school of political economists in Great Britain. Several years ago, when presiding over the economic section of the British Social Science Association, he made a masterly attack on the old or "orthodox" school of political economists to which many replied, but it can truthfully be said that abstract political economy is steadily losing ground, and among its strongest assailants must be placed the author of this work.

After a brief review of political economy among the Greeks and Romans, and during the Middle Ages, Mr. Ingram reaches modern times, in which the mercantile system is the first subject deemed worthy of large space. Much more, however, is devoted to the theories concerning the system of natural liberty. Smith's indebtedness to the French writers was never set forth more clearly. His criticism of Ricardo is exceedingly vigorous. It is singular that the theory of rent, with which Ricardo's name is associated, but which, so Mr. Ingram says, "was not really his, nor did he lay claim to it," should continue to be thus called. With respect to the truth of this doctrine, and the consequences which Ricardo deduced from it, our author says: "We must answer that they are hypothetically true in the most advanced communities, and there only."

The last portion of the book is devoted to a review of the principal writings of the historical school. American writers, except Carey, receive small consideration, and with few exceptions, notably Pres. F. A. Walker, we think that Mr. Ingram was quite justified in his treatment of them. For the most part they have been good men, ministers, using speculative methods, and their writings are as barren as a desert. It is true that a new generation have arisen full of promise, and who are beginning to make headway; but while the field of investigation in this country is peculiarly inviting, the conditions under which it must be made are, in many respects, very difficult. The material is enormous and not organized, and great ability, labor and patience are required to handle it with success. The book is sure to attract unusual attention for a work of this kind; for, beside its excellent review and criticism of economic theories, the size is attractive and the style is concise and often spirited.

Principles of Tariff Reform. An address delivered before the Bankers' Club of Chicago, Illinois, on April 27, 1888. By C. W. ERNST.

This address is by one of the most thoughtful and well-informed men in our country, and is, therefore, well worth reading. "There is," he says, "a common belief that the tariff is merely a question of dollars and cents, and for that reason not a matter of national life and death. . . . Our tariff in all its clauses is intended for sixty million Americans, and not only their pockets, but also their morals. . . . Tariff reform, then, while touching the dollar, should be animated by the utmost fidelity to the moral interests of our people, and a tariff clause that will not bear the test of sound morals should be thrown out."

Banks and Banking, 1171-1888—an historical sketch based upon official records, together with a few episodes connected with the subject which have come under the observation of the writer during an experience of twenty-five years as a banker and merchant in the city of New York. By PHILO PRATT HOTCHKISS. G. P. Putnam's Sons, New York.

This is a pleasant sketch, containing a good deal of useful information conveyed in a readable manner. The writer evidently believes in the credit system, for he carefully credits "Truth crushed to earth" and "Lives of great men" to their respective authors. An amusing anecdote, new to us, is told under the head of "Barter," of a famous *prima donna*, who gave a concert in the Society Islands for a third part of the receipts, and this consisted in "three pigs, twenty-three turkeys, forty-four chickens, five hundred cocoanuts, besides considerable quantities of bananas, lemons and oranges." There is a good steel engraving of Alexander Hamilton fronting the title page.

BANKING AND FINANCIAL ITEMS.

THE PRAIRIE STATE NATIONAL BANK OF CHICAGO is organizing and will occupy the main office of the building No. 110 West Washington street. This is an outgrowth of the business of the Prairie State Loan & Trust Company, an old-established State bank, which will surrender its commercial business, but continue as a savings bank, and occupy the basement room under the National Bank. The savings bank is the owner of the building and safety vaults, and leases the room above to the National Bank. The capital of the new National Bank will be \$200,000, and it is proposed that an opportunity be given to depositors, and all customers who are a help to the bank in its growth and prosperity, to become stockholders, if they so desire. No large block of stock will be allotted to any one person, but the shares will be distributed among as large a number as possible of the representative business men of the west side. The officers who have been in charge of the Loan & Trust Company for many years are expected to participate in the management of the National Bank.

SOUTH CAROLINA.—At a meeting of the directors of the Carolina Savings Bank, held on Monday, 30th April, a dividend of 50 per cent. was declared, payable May 1. In March, 1886, the capital stock of the bank was increased from \$100,000 to \$200,000. It was decided to further increase the capital at an early day \$100,000, giving the Carolina Savings Bank the largest capital of any bank in South Carolina. This bank has paid since its organization in dividends to its stockholders, \$145,000; in interest to depositors, \$360,650; making a total of \$505,650, and still has a good surplus. The following officers were elected: Geo. W. Williams, president; Geo. W. Williams, Jr., vice president; John D. Kelly, cashier; Wm. H. Flint, assistant cashier; J. Lamb Johnston, Robt. H. Duryea and H. T. Williams, directors.

MASSACHUSETTS.—James Pierce has been elected president of the Malden Savings Bank. During the last year the bank has gained \$108,669 in deposits.

BOSTON.—The Bank Officers' Association held its annual meeting last month at the clearing house. The roll showed that 120 members have been added during the year, bringing the total membership up to 467, with an honorary list of 27. The treasurer's report showed six death benefits paid during the year, averaging \$425 each. The balance on hand at the time of reporting was \$1,302. The election of officers resulted as follows: President, F. B. Sears, of the Third National Bank; vice presidents, D. B. Hallett, Boston National; S. A. Merrill, Mechanics National; treasurer, H. A. Tenney, Globe National; secretary, E. A. Stone, Franklin Savings Bank. The following named gentlemen were elected new directors: W. E. Elder, Revere National Bank; Charles A. Ruggles, clearing house. A committee was appointed to consider the advisability of incorporating the association.

PHILADELPHIA.—The passage of dividends by three of the national banks of Philadelphia was hardly expected, and the Tradesman's, which has always been considered one of the richest in the city, and practically owned by one family, reduced its rate from 8 to 6 per cent.

NEW YORK CITY.—A package reached the Treasury Department at Washington on the 5th of May, from the American Exchange National Bank of New York, purporting to contain \$41,000 of national bank notes for redemption. Upon being opened it was found to contain nothing but brown paper. An examination of the sealed label disclosed the fact that it had been neatly cut from its original place and pasted on the bogus package. The impression at the department is that the bank put up the money for transmission to the department, but delayed forwarding it, and that while in its custody the package was abstracted and another put in its place bearing all the marks and appearance of the original package.

OHIO.—A meeting of the stockholders of the First National Bank of Cleveland, Ohio, was held to consider a proposition from the directors to reduce the capital stock from \$600,000 to \$500,000. Five-sixths of the stock was represented, and the proposition was accepted without a negative vote. The reduction in the capital was accordingly made, and a like amount was added to the surplus.

PHILADELPHIA.—At a recent meeting of the board of directors of the Merchants National Bank of Philadelphia, Pa., Mr. George H. Stuart, owing to continued ill health, resigned the presidency of the bank, being succeeded by Mr. Wm. Wood,

WISCONSIN.—A savings department has been added to the Seymour Bank of Chippewa Falls. There is no savings bank in the city at present, and the movement is looked upon with great favor by the woodsmen and employes of the various mills and factories.

THE CHEMICAL BANK OF NEW YORK is probably the strongest financial institution in this country, and its prosperity and success have been a marvel in business and financial circles. A New York letter gives the following interesting points in reference to this wonderful moneyed institution: Ten shares of Chemical Bank stock were sold the other day on the Stock Exchange at \$3,600 a share, without the bi-monthly dividend of twenty-five per cent. This is the highest that this stock has yet sold for, and it has long been noted as commanding the highest premium of any bank stock in the world. First National Bank stock commands \$2,000 per share, the Fifth National Bank \$300 per share the Bank of Ireland \$275 and the Bank of England \$350. The dividends of the Chemical Bank have for a long time been at the rate of five per cent. bi-monthly, with an additional dividend of ten per cent. some time during the year, or an even 100 per cent. per annum. The dividend declared for the first of March, and to be continued thereafter, is twenty-five per cent. bi-monthly, or 150 per cent. per annum. Last year the bank paid \$300,000 in dividends, equal to the amount of capital stock, and carried a surplus of twice the capital stock. It is very seldom this valuable stock finds its way to the market, and then only in the settlement of some old estate, and when a sale takes place it attracts great attention. John B. Manning was the purchaser at the sale. In 1843 or 1844 David Wolfe, the father of Catherine Wolfe, bought two hundred shares of Chemical Bank stock at par, or for \$20,000. To-day, that same stock, at the price commanded, would be worth \$720,000, and has paid more than \$1,000,000 in dividends since the day it was purchased.

CONNECTICUT.—The National Bank of Portland, Conn., was entered May 10, by thieves, who forced open a window and made three unsuccessful attempts to break into the vault, the walls of solid masonry being bored through. A can of giant powder and a lot of burglars' tools were left behind. The burglars crossed to Portland in a rowboat. On their return to Cromwell they stole a team and drove to Hartford. The entire proceeds of the burglary was a dollar's worth of postage stamps taken from a drawer.

KANSAS.—On the 7th of May the, Wichita Clearing House Association had a banquet at the Carey Grand Hotel. Such entertainments are becoming more frequent among bankers, and are to be encouraged, for their tendency is to promote good feeling, and to acquire a better knowledge of banking and of public affairs.

THE series of articles contributed to the New York *Independent* by Professor Richard T. Ely, Ph. D., on "Land, Labor and Taxation," have been reprinted in pamphlet form.

CANADIAN COINAGE.—Canada has no gold coins, and all the silver and copper coins are made in England, under the supervision of the officers of the Royal Mint. In British Columbia it is thought the time has arrived when they should commence the coining of their own money. It is understood, indeed, that Victorians are not averse to the establishment of a mint in their midst. A correspondent of a British Columbia paper suggests the opening of such an institution, and the coining of guineas to represent \$5, and half-guineas to represent \$2.50. It is proposed that the Queen's head be stamped on one side of the coins, and on the reverse "the Niagara River, with beavers quietly at work felling trees under the safe protection

of a noble lion couchant on the British side, who is regarding somewhat earnestly the approach of a screaming American eagle, who, from the American side of the river, seems to wish to molest the Canadian beavers." To make the picture historically accurate, the beaver must be represented as laden with heavy weights, and the movement of the trees after they have fallen must appear to be impossible.

BANKING PROFITS IN MEXICO.—In the synopsis of the annual report of the Council of Administration of the National Bank of Mexico, the foreign-investing public will discern fresh reasons for confidence in Mexican investments. The report shows a heavier dividend than in the previous year (11 per cent. against 10 per cent.), and this will be taken to indicate a better state of business here. This belief will also be strengthened when the increased circulation of the bills of the bank is noted, and when the growing dealings of the commercial community with the institution, as evidenced by the item of bills discounted, is perceived; and in the improved profits of the branches the public will read a confirmation of the story of the general progress of the country. The large amount of cash on hand, in proportion to the circulation, will be remarked by foreign readers, as it is in excess of the usual proportion shown by the statements of banks abroad. That a Mexican bank should show a net profit of 15.7 per cent. on its paid-up capital during a year of ordinary fair business, will open the eyes of foreign investors to the possibilities of profit in Mexico. By reason of the success of the first emission of the new loan, the Government will soon be in condition to arrange its affairs with the bank to the mutual benefit of both, and we may reasonably look for an extension of the bank's dealings with the commercial community, when it shall have at command a larger amount of money. We must cordially commend the wise and conservative policy of the Council of Administration in adding largely to the ordinary reserve and previsionsary funds which give strength to the institution, and must materially aid in creating a sentiment of confidence in the bank so far as the general public is concerned.—*Mexican Financier.*

THE PRESTON NATIONAL BANK OF DETROIT.—At a meeting of the directors of this bank, held May 16th, the following resolution was unanimously adopted: "Resolved, That the board of directors recommend to the stockholders that the capital stock of this bank be increased from \$600,000 to \$1,000,000; provided that one-half of such increase be released by the present stockholders, for placing with business men not now stockholders, in the discretion of the directors; and further Resolved, That a meeting of the stockholders be called for Wednesday, June 20th, 1888, at 3 o'clock P. M., to vote upon the proposition to increase the capital stock to \$1,000,000." This action of the board of directors has been very carefully considered for a long time, and the recommendation is made with full confidence that its adoption will prove of decided advantage in increasing the business and standing of the bank, and promoting the interests of the stockholders, as well as affording increased facilities to the business public of the city and State.

HERRING & CO.'S SAFE AND LOCK WORKS.—These works are the largest and the most complete of any engaged in manufacturing safes and safe locks. The buildings are 250 feet in length, facing the East River, on South street at Gouverneur slip, and extending through the block to Front street. A pier and bulkhead on the river front afford facilities for receiving raw material, and for the direct shipment of completed work. A paint and finishing shop, a lock shop, a cabinet shop, the pattern makers' shop and the storerooms occupy three five-story buildings. Fire-proof safes are manufactured in an adjoining building, 75 by 150 feet on each floor. Improved machinery for cutting, punching, drilling and planing iron and steel bars and plates are here at work, under the management of experienced mechanics. The blacksmiths' shop is in a separate building, supplied with forges and steam hammers. Connecting with this shop is a room for the furnace used for hardening steel plates. Strong rooms, bank vaults, vault doors and burglar-proof safes are constructed in another building. It is a model workshop, built expressly for the work designated. The ground floor is 100 by 120 feet, and it is open in the center from floor to roof truss, 30 feet in height. Some large machine tools have recently been added to the equipment of this shop. Among them are four iron and steel planers which will work on plates 12 feet in length. A shear will cut through

bars and plates $1\frac{1}{4}$ inches thick. On both sides and at one end of this great room are wide galleries occupied by the machinists doing the fine work required to make the elaborate system of bolts and the locking mechanism for burglar-proof safe and vault doors. Here are also made the special tools used in the various processes of manufacturing a complete safe. With these facilities under the direction of one of the firm, who gives his attention to the manufacturing, a superintendent, and a master mechanic as a foreman in each department, the best safe and lock work in the world is produced.

CINCINNATI.—Judge Taft has given judgment for the defendant in the case of H. P. Lloyd, trustee of the individual estate of E. L. Harper *v.* Wilshire, Eckert & Co., makers, and J. W. Wilshire, indorser of checks to the amount of \$47,500, drawn on the First National Bank, and made payable to Harper. The testimony of both Harper and Wilshire was to the effect that there was never any consideration given for these checks, and that it was the intention to simply use them as receipts for money advanced by Harper to Wilshire for use in the Chicago wheat deal. In a second suit between the same parties for recovery on two notes aggregating \$60,000, judgment was also given for the defendant. These notes were given in November, 1886. The testimony was that Harper asked Wilshire to execute them for his use in case a Bank Examiner should unexpectedly drop into the Fidelity. In that event they were to pass as discounted paper. Otherwise no use was ever to be made of them. The deposition of Harper was taken at the penitentiary on the 10th of this month. Major Lloyd offered no testimony in support of the claim he had asserted, and judgment for the defendants became a foregone conclusion.

PROBABLY the youngest bank president in the world is J. M. Bailey, Jr., who, at the age of 23 years, has been placed at the head of the Minnehaha National Bank of Sioux City.

CHARLESTON, S. C.—A verdict for \$10,000 has been rendered in the United States Court against the bondsmen of Charles E. Bartlett, defaulting cashier of the Sumter National Bank. The evidence showed that there was great inattention on the part of the bank directors, and that they had placed implicit confidence in Bartlett. There were thirty-seven causes of action against him. He received in one case \$32,000 as teller, which he paid to himself as cashier and stole as bookkeeper. He drew thirty-one fraudulent checks as cashier of the Sumter Bank upon the National Mercantile Bank of New York, for amounts varying from \$600 to \$5,000, payable to the order of Henry Clews & Co., Latham, Alexander & Co., of New York and others, on which he received the money by false entries in the bank's books and forged indorsements. On the trial the lawyers read the depositions of F. B. Schenck, cashier of the Mercantile National Bank of New York; Henry Clews and Charles M. Foster, of the firm of Henry Clews & Co., bankers and cotton and grain commission merchants of New York; Richard P. Salter, of the firm of Alexander, Latham & Co., cotton and grain merchants, of New York, and Henry P. Russell, of the firm of Russell & Co., of New York, showing that the checks mentioned in the complaint as fraudulent had been cashed, and that the money had been placed to the account of Bartlett and used in cotton and grain speculations. Bartlett had been swindling the bank since 1884. The entire capital of the bank was stolen, and the stockholders will have to make good \$84,457, the difference between the liabilities and assets of the bank, or, after losing their stock and surplus, they will have to put up \$13,682, exclusive of \$10,000 recovered against Bartlett's bondsmen to-day.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	May. 7.	May 14.	May. 21.	May. 28.
Discounts	5% @ 6% ..	5% @ 6% ..	5% @ 6% ..	5% @ 6%
Call Loans	2 @ 1% ..	2 @ 1% ..	2 @ 1% ..	2 @ 1%
Treasury balances, coin	\$131,891,924	\$132,091,919	\$132,661,409	\$133,172,502
Do. do. currency	13,823,404	14,121,260	14,719,551	15,074,020

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from May No., page 896.)

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ALA. . . . Birmingham....	Peoples Savings Bank... \$50,000 B. A. Thompson, P.	Mercantile National Bank. F. W. Dixon, Cas.
" .. Birmingham....	Steiner Bros..... \$75,000	Mechanics & Traders Bank.
" .. Warrior.....	Bank of Warrior..... T. M. Davidson, P.	Importers & Traders Nat. Bank. James A. May, Cas.
COL . . . Canon City....	First National Bank..... \$50,000 Stephen S. Talcott, P.	Chase National Bank. Alfred M. Hawley, Cas.
" .. La Junta.....	Bank of La Junta..... \$30,000 M. C. Stephens, P.	R. Phillips, Cas.
DAK.... Hartford....	Bank of Hartford..... Wm. H. Wells, P.	Ira C. Kingsbery, Cas.
" .. Sioux Falls....	German Bank.....	National Park Bank. Geo. Schaetzel, Cas.
DEL.... Harrington....	First National Bank..... \$25,000 Edward Sopp, P.	Wm. T. Sharp, Cas.
GA. Atlanta.....	Lowry Banking Co..... \$300,000 Robt. J. Lowry, P.	Importers & Traders Nat. Bank. Joseph T. Orme, Cas.
IDAHO.. Weiser.....	IdahoCommercialCo's.B. \$50,000 Alfred Eoff, P.	Wells, Fargo & Co. Benj. W. Watlington, Cas.
ILL.... Atwood....	James Drew & Co..... \$25,000	National Park Bank.
" .. Chicago.....	Cahn & Straus.....	Chemical National Bank.
" .. " ..	Prairie State Nat. Bank.. \$200,000 James W. Scoville, P.	Chase National Bank. Geo. Van Zandt, Cas.
IND.... Michigan City..	Citizens Bank..... \$50,000 W. B. Hutchinson, P.	National Park Bank. C. E. Arndt, Cas.
" .. West Lebanon.	Central Bank..... Frank C. Fleming, P.	A. R. Cadwallader, Cas.
IOWA... Dallas Centre..	Commercial Bank..... \$9,000 (John M. Hoopes & Co.)	Fourth National Bank. John M. Hoopes, Cas.
" .. Riceville.	Riceville Bank.....	C. C. Earnist, Cas.
KAN.... Burr Oak.....	First National Bank..... \$50,000 James B. Wilbur, P.	Kountze Bros. Albert A. Johnston, Cas.
" .. Dighton.....	First National Bank..... \$50,000 J. W. Rush, P.	Orson A. Kinney, Jr., Cas.
" .. Hays City.....	First National Bank..... \$50,000 Andrew S. Hall, P.	Morgan G. Huntington, Cas.
" .. Johnson.....	Citizens Bank..... A. P. Carter, P.	Chase National Bank. J. E. Carter, Cas.
" .. Lawrence..	Watkins National Bank. \$150,000 J. B. Watkins, P.	Chemical National Bank. Paul R. Brooks, Cas.
" .. Lenora	Lenora State Bank..... \$20,000 Frank Knox, P.	Bank of North America. Geo. K. Moodey, Cas.
" .. Liberal.....	Bank of Liberal..... \$10,000 Samuel T. Howe, P.	National Bank of the Republic. C. Coomer, Cas.
" .. Topeka.....	Merchants Nat. Bank..... \$100,000 C. K. Holliday, P.	Hanover National Bank. Frank G. Willard, Cas.
MASS. . Boston....	The Ballou State B. Co.. \$100,000 H. S. Ballou, P.	Geo. B. Kerlin, Cas.
	I. F. Kleckner, V. P.	J. A. Dean, Treas.
		Geo. H. Eastman, Sec.

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
MICH...	Adrian.....	Commercial Sav. Bank... Wm. J. Crocker, <i>P.</i>	Continental National Bank. Wm. B. Thompson, <i>Cas.</i>
"	Battle Creek... \$100,000	Merchants Nat. Bank... Seymour Howell, <i>V. P.</i> Ami W. Wright, <i>P.</i>	Mercantile National Bank. Scott Field, <i>Cas.</i>
"	Detroit.....	Central Savings Bank... Gilbert Hart, <i>P.</i>	Joseph C. Hart, <i>Cas.</i>
"	Mt. Pleasant... \$50,000	Peoples Savings Bank... Conrad Cleppert, <i>V. P.</i> Amasa Rust, <i>P.</i>	Importers & Traders Nat. Bank. John F. Ryan, <i>Sec. & Treas.</i>
"	Saginaw.....	Bank of Saginaw..... Myron Butman, <i>P.</i>	First National Bank. Daniel W. Briggs, <i>Cas.</i>
"	Stanton.....	Montcalm Co. Sav. Bank. Humphrey R. Wagar, <i>P.</i>	Chase National Bank. James C. Percival, <i>Cas.</i>
"	St. Ignace.....	First National Bank..... Norman Shepard, <i>V. P.</i> Otis W. Johnson, <i>P.</i>	National Park Bank. Edward L. Durgin, <i>Cas.</i>
MINN...	Hallock.....	J. Kelso & Son..... A. F. Temple, <i>V. P.</i>	Gilman, Son & Co. Wm. Kelso, <i>Cas.</i>
"	Minneapolis... \$100,000	Swedish-American Bank. O. N. Ostrom, <i>P.</i>	Gallatin National Bank. N. O. Werner, <i>Cas.</i>
"	Mountain Lake...	Siemens Bros. & Co. H. Mutton, <i>V. P.</i>	Hanover National Bank. E. A. Kempe, <i>Ass't Cas.</i>
MISS...	Clarksdale.....	Central City Bank..... John Clark, <i>P.</i>	Chemical National Bank. Arthur M. Littlejohn, <i>Cas.</i>
MO.....	Nelson.....	Nelson & Woodbridge... J. L. Simmons, <i>V. P.</i>	J. W. Deavours, <i>Ass't Cas.</i>
NEB....	Big Springs... \$30,000	State Bank of Big Springs. H. L. Goold, <i>P.</i>	Kountze Bros. R. J. Vinton, <i>Cas.</i>
"	Fairmont.....	Union Bank..... J. M. Houghton, <i>V. P.</i>	National Bank of Commerce. H. R. Sawyer, <i>Cas.</i>
"	Loomis.....	Loomis State Bank..... J. Cubbison, <i>V. P.</i>	National Park Bank. F. W. Kiplinger, <i>Cas.</i>
N. J....	Asbury Park... \$25,000	Monmouth Safe Dep. & Trust Co. Isaac C. Kennedy, <i>P.</i>	Ernest Kiplinger, <i>Ass't Cas.</i> A. C. Twining, <i>Treas.</i>
"	South Amboy..	First National Bank..... Geo. F. Kroehl, <i>V. P.</i>	Henry C. Winsor, <i>Sec.</i>
N. Y....	Far Rockaway..	Wallace, Smith & Co.... Harry C. Perrine, <i>P.</i>	Chase National Bank. John Wycoff, <i>Cas.</i>
"	Southampton...	Southampton Bank..... James H. Pierson, <i>P.</i>	Bank of North America. L. Emory Terry, <i>Cas.</i>
OHIO...	Eaton.....	Preble Co. Nat. Bank... Edward H. Foster, <i>V. P.</i>	
"	Toledo.....	Union Savings Bank..... Andrew Hiestand, <i>P.</i>	J. W. Acton, <i>Cas.</i>
PENN...	Philadelphia... \$50,000	First National Bank..... H. H. Arnold, <i>P.</i>	
"	Port Allegany..	Henry Hamlin, <i>V. P.</i>	
"	Reading.....	Citizens Bank..... Geo. D. Stitzel, <i>P.</i>	Chase National Bank. Wm. S. Mohr, <i>Cas.</i>
TENN...	Ripley.....	Ripley Bank..... Jerome L. Beyer, <i>V. P.</i>	
WIS....	Green Bay.....	Citizens National Bank.. J. Y. Barbee, <i>P.</i>	National Bank of Republic. Wm. L. Neel, <i>Cas.</i>
		James H. Elmore, <i>V. P.</i>	Wm. P. Wagner, <i>Cas.</i>

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from May No., page 901.)

Bank and Place.		Elected.	In place of.
N. Y. CITY..	National Park Bank....	V. Mumford Moore, <i>P.</i>	Geo. H. Potts.*
		F. A. Potts, <i>V. P.</i>....	.....
		E. K. Wright, <i>2nd V. P.</i>....	.....
		Geo. S. Hickok, <i>Cas.</i>	E. K. Wright.
" ..	Ninth Ave. Bank.....	Peter Swan, <i>Act'g Cas.</i>....	.....
" ..	Tradesmens National Bank....	Jas. E. Grannis, <i>V. P.</i>	Wm. A. Pond.
COL....	First National Bank, Glenwood Springs.	W. B. Devereux, <i>P.</i>	J. J. Hagerman.
" ..	Bank of Commerce, La Junta.	H. R. Kamm, <i>V. P.</i>....	.....
" ..	Bank of Commerce, La Junta.	G. H. Downer, <i>Cas.</i>	Lester Hays.
CONN....	Merchants N. B., New Haven.	H. J. Morton, <i>V. P.</i>....	.....
" ..	Fairfield Co. Sav. B., Norwalk.	James H. Bailey, <i>S. & T.</i>	L. S. Cole.
DEL....	Union Nat. Bank, Wilmington.	Preston Lea, <i>P.</i>	Victor Du Pont.*
DAK....	Anglo-Dak. Loan & Trust Co. Highmore.	John F. Goudy, <i>P.</i>	R. C. Walton.
		R. C. Walton, <i>V. P.</i>....	.....
		R. C. Alden, <i>Treas.</i>	John F. Goudy.
		Fred W. Goudy, <i>Sec.</i>....	.....
" ..	Farmers & Merchants Bank, Plankinton.	Chas. F. Hatten, <i>P.</i>....	.....
" ..	First National Bank, Redfield.	R. B. Hart, <i>Cas.</i>....	.....
" ..	First National Bank, Redfield.	Chas. H. Young, <i>A. Cas.</i>....	.....
" ..	Minnehaha National Bank, Sioux Falls.	Wm. J. McMaster, <i>Cas.</i>	H. M. Benedict.
" ..	Minnehaha National Bank, Sioux Falls.	H. A. Taylor, <i>Ass't Cas.</i>....	.....
" ..	Minnehaha National Bank, Sioux Falls.	J. M. Bailey, Jr., <i>P.</i>	E. A. Sherman.
" ..	Minnehaha National Bank, Sioux Falls.	E. M. Hills, <i>Cas.</i>	C. E. Johnson.
FLA....	Polk Co. Bank, Barton.	Wm. J. Emerson, <i>P.</i>	Frank W. Page...
" ..	Polk Co. Bank, Barton.	Warren Tyler, <i>Cas.</i>	Wm. J. Emerson.
IDAHO..	Lewiston Nat. B., Lewiston.	F. W. Kettenbach, <i>A. C.</i>....	.....
" ..	Bank of Murray, Murray.	C. Hussey, <i>Cas.</i>	W. Hussey.
ILL....	Richards, Littlewood & Co., Farmington.	A. C. Steenburg, <i>Cas.</i>	Geo. H. Littlewood
" ..	L. M. Yocum & Co., Galva.	O. S. Houghton, <i>Cas.</i>	Wm. L. Wiley.
" ..	Farm. & Mer. B., Manchester.	A. H. Heaton, <i>P.</i>	E. J. Clark.
" ..	First Nat. Bank, Watseka.	H. H. Alter, <i>Ass't Cas.</i>	J. G. Williams.
IND....	Indiana Nat. B., La Fayette.	W. H. Perrin, <i>Ass't Cas.</i>....	.....
IOWA...	First Nat. Bank, Algona.	W. K. Ferguson, <i>A. Cas.</i>....	.....
" ..	Farmers Loan & Trust Co., Alta.	J. T. McCall, <i>Cas.</i>	F. B. Browne.
" ..	Citizens Bank, Bedford.	H. P. Long, <i>Cas.</i>	A. B. Keplinger.
" ..	First Nat. Bank, Independence.	Wm. Donnan, <i>Cas.</i>	Geo. B. Warne.
" ..	Bank of Radcliff, Radcliff.	C. A. Sweet, <i>Cas.</i>	Henry D. Ballard.
" ..	O'Brien Co. Bank, Sanborn.	D. W. Wood, <i>Cas.</i>	Judson L. Greene.
" ..	First National Bank, Sheldon.	J. E. Van Patten, <i>A. Cas.</i>....	.....
" ..	First National Bank, Topeka.	H. L. Dean, <i>P.</i>	H. Hammond.
" ..	First National Bank, Topeka.	W. W. Aldrich, <i>V. P.</i>	H. L. Dean.
" ..	First National Bank, Topeka.	H. P. Aldrich, <i>Ass't Cas.</i>....	.....
" ..	Fayette Co. S. B., West Union.	R. H. Hinkly, <i>P.</i>	S. B. Zeigler.
" ..	Williamsburg Sav. Bank, Williamsburg.	John Hughes, Jr., <i>V. P.</i>....	.....
" ..	Williamsburg Sav. Bank, Williamsburg.	D. E. Evans, <i>Cas.</i>	John Hughes, Jr.
" ..	Williamsburg Sav. Bank, Williamsburg.	G. H. Hughes, <i>Ass't Cas.</i>....	.....
" ..	Citizens Nat. Bank, Winterset.	Edward Brown, <i>P.</i>	Jos. J. Hutchings.
KAN....	Bank of Augusta, Augusta.	G. C. Cary, <i>Cas.</i>	F. C. Ruland.
" ..	State Bank of Colby, Colby.	Lew E. Darrow, <i>P.</i>....	.....
" ..	N. B. of El Dorado, El Dorado.	F. B. Ewing, <i>Ass't Cas.</i>	E. K. Morris.
" ..	First Nat. Bank, Fort Scott.	E. R. Chenault, <i>Ass't C.</i>....	.....
" ..	First Nat. Bank, Fredonia.	Jno. S. Gilmore, <i>V. P.</i>....	.....
" ..	First National Bank, Howard.	Geo. S. Hanna, <i>P.</i>	Thos. S. Krutz.
" ..	First National Bank, Howard.	S. C. Hanna, <i>Cas.</i>	T. S. Fuller.
" ..	Buchanan Mort. Co., Minneapolis.	Geo. W. Wilson, <i>Treas.</i>	D. Buchanan.
" ..	Farmers & Drovers Bank, Mount Hope.	W. S. Campbell, <i>Cas.</i>	S. F. Daily.
" ..	Farmers & Drovers Bank, Mount Hope.	Oliver Daily, <i>Ass't Cas.</i>....	.....

* Deceased.

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent</i>
KAN	State B. of St. John, St. John.	D. G. Littlefield, <i>P.</i>	Clark Gray.
"	Citizens Bank, Winfield.	R. Latham, <i>Cas.</i>	Harry A. Brown.
KY.	German Nat. Bank, Covington.	A. W. Swoope, <i>A. Cas.</i>	
"	Bank of Kentucky, Louisville.	Jno. G. Metcalf, <i>A. Cas.</i>	
LA.	New Orleans Clearing House, New Orleans.	E. W. Hays, <i>Cas.</i>	
"	"	J. C. Morris, <i>P.</i>	Jos. H. Oglesby.
ME.	First Nat. Bank, Augusta.	T. C. Herndon, <i>M'gr.</i>	Isaac N. Maynard.*
"	Cascade Savings Bank, Oakland.	C. R. Whitten, <i>Ass't Cas.</i>	
"	Merchants National Bank, Portland.	J. E. Harris, <i>Treas.</i>	Geo. H. Bryant.
"	"	Geo. S. Hunt, <i>P.</i>	Jacob McLellan.*
MD.	Fredericktown S. Institution, Frederick.	Jas. P. Baxter, <i>V. P.</i>	Geo. S. Hunt.
"	"	Joseph Crouise, <i>P.</i>	Louis Markell.*
MASS.	Nat. Union Bank, Fall River.	J. T. Burrell, <i>Ass't Cas.</i>	
MICH.	First Nat. Bank, Menominee.	C. S. Brown, <i>Ass't Cas.</i>	
MINN.	The Security Bank of Minn., Minneapolis.	H. G. Harrison, <i>P.</i>	
MO.	Union National Bank, Kansas City.	Geo. D. Ford, <i>2nd V. P.</i>	
"	"	Stanley Hobbs, <i>2nd A. C.</i>	
"	First Nat. Bank, Kirksville.	Frank Baird, <i>Ass't Cas.</i>	
NEB.	First B. of Brewster, Brewster.	Darwin W. King, <i>Cas.</i>	Alfred U. Dann.
"	Chase County Bank, Imperial.	H. R. Gould, <i>P.</i>	C. A. Pierson.
"	"	Roger W. Bennett, <i>Cas.</i>	J. R. Pierson.
"	Lancaster Co. Bank, Lincoln.	E. B. Green, <i>Cas.</i>	F. O. Metcalf.
"	First Nat. Bank, Ogallala.	J. A. O'Brien, <i>Cas.</i>	L. A. Brandhoefer.
"	Farmers & Merchants Bank, Scotia.	Lewis Herbert, <i>P.</i>	T. P. Lanigan.
"	"	T. D. Connell, <i>Cas.</i>	J. M. Marsh.
"	Carson Nat. B., South Auburn.	E. M. Boyd, <i>Cas.</i>	A. R. Davison.
N. H.	S. B. for Co. of Strafford, Dover.	Chas. H. Sawyer, <i>P.</i>	C. W. Woodman.*
"	First Nat. Bank, Peterborough.	W. G. Livingston, <i>Cas.</i>	C. P. Richardson.
N. MEX.	First National Bank, Albuquerque.	J. S. Raynolds, <i>P.</i>	Jefferson Raynolds
"	"	Jefferson Raynolds, <i>V. P.</i>	J. S. Raynolds.
"	Silver City N. B., Silver City.	Max Schutz, <i>V. P.</i>	
N. Y.	Nat. Exchange Bank, Auburn.	R. S. Sperry, <i>V. P.</i>	C. S. Furtis.
"	Third Nat. Bank, Buffalo.	Ben C. Ralph, <i>Ass't Cas.</i>	Wm. H. Stebbins.
"	City National B., Jamestown.	Herbert W. Tew, <i>Cas.</i>	C. H. Tew.
"	Sidney National Bank, Sidney.	Sluman L. Wattles, <i>V. P.</i>	
N. C.	Exchange Bank, Mt. Airy.	J. M. Nelms, <i>Cas.</i>	H. C. Brown.
OHIO.	Blanchester Bank, Blanchester.	W. C. Gregory, <i>Cas.</i>	E. D. Smith.
"	Merchants & Manufacturers Bank, Columbus.	Wm. D. Parker, <i>V. P.</i>	D. C. Welling.*
"	"	Howard C. Park, <i>Cas.</i>	Wm. D. Park.
"	Fremont Savings Bank, Fremont.	Wm. E. Hayes, <i>V. P.</i>	
"	"	R. P. Hayes, <i>Cas.</i>	A. E. Rice.
"	Second National Bank, Greenville.	W. Kerlin, <i>P.</i>	A. F. Koop.
"	"	A. F. Koop, <i>Cas.</i>	R. A. Shuffelton.
"	Kenton National Bank, Kenton.	Hugh L. Runkle, <i>Cas.</i>	W. H. Fleming.
"	"	Jas. H. Allen, <i>Ass't Cas.</i>	Hugh L. Runkle.
"	Merchants & Clerks S. Inst., Toledo.	Oliver S. Bond, <i>P.</i>	J. A. Moore.
"	"	Frederick Eaton, <i>V. P.</i>	
"	"	E. L. Schomburg, <i>Treas.</i>	Oliver S. Bond.
ORE.	First Nat. Bank, McMinnville.	R. P. Bird, <i>V. P.</i>	W. D. Fenton.
"	Pendleton National Bank, Pendleton.	R. Sargent, <i>V. P.</i>	Lehman Blum.
"	"	Lehman Blum, <i>Cas.</i>	G. V. Hamilton.
PENN.	Bradford Nat. Bank, Bradford.	S. P. Kennedy, <i>Cas.</i>	T. H. Tomlinson.
"	First National Bank, Clarion.	G. W. Arnold, <i>P.</i>	Jacob Black.
"	"	F. M. Arnold, <i>Cas.</i>	G. W. Arnold.
"	"	Jacob Black, Jr., <i>A. Cas.</i>	F. M. Arnold.
"	First National Bank, Greensburgh.	Geo. F. Huff, <i>Cas.</i>	John Zimmerman.
"	"	J. R. Eisaman, <i>Ass't Cas.</i>	
"	Greensburgh B. Co., Greensburgh.	Wm. A. Huff, <i>Cas.</i>	Geo. F. Huff.
"	First Nat. Bank, Montrose.	Amos Nichols, <i>Cas.</i>	D. R. Lathrop.
"	Independence Nat. B., Phila.	T. E. Wiedersheim, <i>A. C.</i>	
"	Merchants N. B., Philadelphia.	William Wood, <i>P.</i>	Geo. H. Stuart.
"	Produce N. B., Philadelphia.	Daniel G. Evans, <i>P.</i>	W. C. Houston Jr.
"	Seventh N. B., Philadelphia.	R. L. Brownfield, <i>P.</i>	L. D. Brown.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
TEXAS..	Atlanta Bank, Atlanta.....	B. F. Ellington, <i>Cas.</i>	J. D. McReynolds.
"	.. Exchange Bank, Farmersville..	Sam. R. Hamilton, <i>Cas.</i>	James A. Aston.
"	.. Falls County Bank, Marlin.....	D. S. Eddins, <i>Cas.</i>	Ed. V. Pledge.
"	.. San Angelo N. B., San Angelo.	Geo. E. Webb, <i>Cas.</i>.....	.....
VA.....	Norfolk Trust Co., Norfolk.....	L. P. Taylor, <i>S. & T.</i>	W. J. Young.
"	.. Sav. Bank of Norfolk, Norfolk.	A. M. Smith, <i>P.</i>	W. W. Chamberlaine.
Wis....	Farmers & Merchants Bank, {	Yale Henry, <i>P.</i>	J. W. Ostrander.
	Jefferson. }	Geo. J. Kispert, <i>Cas.</i>	Yale Henry.
WYO..	First National Bank, Buffalo...	W. J. Thom, <i>Cas.</i>	C. M. White.
ONT...	Bank of Hamilton, Hamilton..	James Turnbull, <i>Cas.</i>	E. A. Colquhoun.
"	.. Bank of Hamilton, Port Elgin.	J. S. Gordon, <i>Agent.</i>	W. Corbould.
"	.. Bank of Hamilton, Wingham..	Wm. Corbould, <i>Agent.</i>	B. Willson.
N. B...	Bank of Nova Scotia, Moncton.	W. E. Stavert, <i>Agt.</i>	D. C. Chalmers.
P. E. I.	B. of Nova Scotia, Charlottetown.	D. C. Chalmers, <i>M'gr.</i>	Geo. Macleod.
QUEBEC	La Banque Jacques Cartier, {	H. Dorion, <i>M'gr.</i>	C. H. Hamel.
	Beauharnois. }		

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from May No., page 902.)

- N. Y. CITY Gold, Barbour & Swords, now Gold, Barbour & Corning.
 " Miller, Francis & Co., now Miller & Doubleday.
- ALA.... Birmingham... Hudson & Perryman have discontinued.
- COL.... Denver..... H. B. Chamberlin, now H. B. Chamberlin & Bro.
- DAK.... Mandan German-American Bank (Streichenberg Bros.), retired from business.
 " .. Onida. Sully County Bank has closed up its business.
 " .. Sioux Falls.... Citizens National Bank has gone into voluntary liquidation.
 " .. Wahpeton. Northwestern Bank, sold out to Farmers & Merchants Bank.
- FLA.... Orlando... .. Orange County Bank has consolidated with the Citizens National Bank.
- GA. Atlanta..... Lowry's Bank (W. M. & R. J. Lowry), succeeded by Lowry Banking Co.
- IDAHO.. Weiser..... Bank of Weiser, succeeded by Idaho Commercial Co.'s Bank.
- ILL.... Lovington. Hardware Bank (Drake & Smith), now Drake & Dyer proprietors.
- IND.... South Bend.... Peoples Savings Bank has retired from business, no successors.
- IOWA... Calmar..... Scott & Starring, succeeded by John Scott, same correspondents.
 " .. Dallas Centre.. Bank of Dallas Centre (Brenton & Hoopes), now W. H. Brenton proprietor.
 " .. Lowden... .. Petersen & Freund, succeeded by J. Freund & Co., same correspondents.
 " .. Perry..... Exchange Bank has retired from business.
- KAN... Burr Oak..... J. B. Wilbur & Co., now First National Bank.
 " .. Clearwater.... Clearwater Bank (H. Tillinghast & Co.), now F. L. Tillinghast & Co., proprietors.
 " .. Hays City..... Bank of Ellis County, now First National Bank, same officers and correspondents.
 " .. Hanover..... Bank of Hanover (Taft & Goodrich), now D. C. Taft proprietor.
 " .. Iuka..... Bank of Iuka, has retired from business.
 " .. Lenora..... The Lenora Bank, succeeded by Lenora State Bank.
 " .. Oswego..... First State Bank, now Oswego State Bank, same officers and correspondents.

MASS. . . Boston	H. S. Ballou & Co., succeeded by the Ballou State Banking Co.
MICH. . . Adrian	Howell, Baker & Co., now Commercial Savings Bank, same correspondents.
.. Detroit	E. Kanter & Co. have discontinued.
.. Portland	Maynard, Allen & Co., now Maynard & Allen.
.. Reading	Bank of Reading (C. W. Waldron), now Waldron & Northrop, proprietors.
.. Stanton	First National Bank has gone into voluntary liquidation, succeeded by Montcalm Co. Savings Bank.
MO. . . . De Witt	De Witt Exchange Bank has gone into voluntary liquidation.
.. St. Louis	State Savings Association, now State Bank of St. Louis, same officers and correspondents.
NEB. . . Brewster	First Bank of Brewster has been incorporated.
.. Fairmount	First National Bank has gone into voluntary liquidation, and succeeded by Union Bank, same correspondents.
.. Loomis	Bank of Loomis, succeeded by Loomis State Bank.
.. Omaha	State National Bank has resumed business.
OHIO. . . Miamisburg	H. Groby & Co., now First National Bank.
.. Spencerville	Citizens Bank (Post & Wasson), now I. B. Post, proprietor.
.. Xenia	Second National Bank has been placed in the hands of a receiver.
PENN. . . Philadelphia	Davison, Carrigan & Co., succeeded by A. Y. Davison & Co.
S. C. . . . Orangeburg	Orangeburg Savings Bank, succeeded by Bank of Orangeburg, same officers.
TENN. . . Ripley	C. S. McKinney & Co., succeeded by Ripley Bank.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from May No., page 903.)

3877	First National Bank	H. H. Arnold, Port Allegany, Pa.	J. S. Rowley,	\$50,000
3878	First National Bank	Harry C. Perrine, South Amboy, N. J.	John Wycoff,	50,000
3879	First National Bank	Stephen S. Talcott, Canon City, Col.	Alfred M. Hawley,	50,000
3880	First National Bank	James B. Wilbur, Burr Oak, Kan.	Albert A. Johnston,	50,000
3881	Watkins National Bank	J. B. Watkins, Lawrence, Kan.	Paul R. Brooks,	150,000
3882	Prairie State National Bank	James W. Scoville, Chicago, Ill.	Geo. Van Zandt,	200,000
3883	First National Bank	Edward Sopp, Harrington, Del.	Wm. T. Sharp,	50,000
3884	Citizens National Bank	John Paley, Green Bay, Wis.	William P. Wagner,	50,000
3885	First National Bank	Andrew S. Hall, Hays City, Kan.	Morgan G. Huntington,	50,000
3886	First National Bank	O. W. Johnson, St. Ignace, Mich.	Edward L. Durgin,	50,000
3887	First National Bank	Jacob Furth, Snohomish, Wash.	Victor Hugo Smith,	50,000
3888	First National Bank	J. W. Rush, Dighton, Kan.	Orson A. Kinney, Jr.,	50,000
3889	Preble County National Bank	Andrew Hiestand, Eaton, Ohio.	J. W. Acton,	50,000

Sterling exchange has ranged during May at from 4.87½ @ 4.89¼ for bankers' sight, and 4.86 @ 4.87 for 60 days. Paris—Francs, 5.18½ @ 5.16½ for sight, and 5.19¾ @ 5.18¾ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.86¼ @ 4.86½; bankers' sterling, sight, 4.88½ @ 4.88¾. Cable transfers, 4.88¾ @ 4.89. Paris—Bankers', 60 days, 5.19¾ @ 5.18¾; sight, 5.18½ @ 5.17½. Antwerp—Commercial, 60 days, 5.21½ @ 5.21¼. Reichmarks (4) — bankers', 60 days, 95½ @ 95¾; sight, 95¾ @ 95¾. Guilders—bankers', 60 days, 40½ @ 40½; sight, 40¾ @ 40¾.

The reports of the New York Clearing-house returns compare as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
May. 5..	\$365,515,600	\$80,703,300	\$33,345,000	\$383,512,900	\$7,803,900	\$18,170,075
" 12..	364,372,000	84,188,100	35,046,500	388,151,700	7,800,000	21,196,675
" 19..	361,768,400	89,490,100	38,070,300	391,420,200	7,888,400	27,795,350
" 26..	363,816,600	90,525,900	36,257,000	393,953,600	7,732,100	28,294,500
June. 2..	363,528,200	86,430,300	37,092,100	391,227,100	7,519,300	25,715,625

The Boston bank statement is as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
May. 5.....	\$141,618,700	\$10,422,600	\$3,101,000	\$112,097,700	\$6,480,400
" 12.....	141,877,300	10,710,200	3,140,200	113,013,400	6,315,600
" 19.....	142,447,500	11,089,600	3,171,500	113,931,600	6,150,700
" 26.....	143,748,000	11,239,300	3,308,100	115,218,500	6,201,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1888.	Loans	Reserves	Deposits.	Circulation
May. 5.....	\$90,084,600	\$24,770,100	\$82,818,100	\$2,725,100
" 12.....	89,655,100	25,354,700	89,028,300	2,723,360
" 19.....	89,562,400	26,266,200	90,384,800	2,725,200
" 26.....	89,201,500	26,811,000	90,521,300	2,719,040

DEATHS.

ASTON.—On March 10, JAMES A. ASTON, Cashier of Exchange Bank, Farmersville, Texas.

COPE.—On May 12, aged ninety-one years, CALEB COPE, President of Philadelphia Saving Fund Society, Philadelphia, Pa.

COUCH.—On May 2, aged sixty-two years, ELI COUCH, partner of the firm of Cummings & Couch, Carrollton, Ohio.

DU PONT.—On May 13, aged sixty years, VICTOR DU PONT, President of Union National Bank, Wilmington, Del.

KENT.—On May 26, aged seventy-three years, ALONZO KENT, President of First National Bank, Jamestown, N. Y.

MARKELL.—On April 19, aged sixty-nine years, LOUIS MARKELL, President of Fredericktown Savings Institution, Frederick, Md.

MAYNARD.—On May 5, aged seventy-six years, ISAAC N. MAYNARD, manager of New Orleans Clearing House, New Orleans, La.

ROCKWELL.—On May 19, aged eighty-three years, JULIUS ROCKWELL, President of Pittsfield National Bank and Berkshire Savings Bank, Pittsfield, Mass.

SEYMOUR.—On May 13, aged seventy-nine years, W. T. SEYMOUR, Cashier of Manufacturers Bank, Cohoes, N. Y.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, MAY, 1888.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in May.									
GOVERNMENTS.					RAILROAD STOCKS.				
Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.	MISCELLANEOUS.
Quarterly.									
Mar.									
Jan.									
Feb.									
Jan. & July.									
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Col. H. Valley & Tol.	23	19	20	Norfolk & Western.
3/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Col. & H. C. & I.	23	20	20	Do
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Del. & Hudson.	130	107 1/2	108 1/2	Northern Pacific.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Del., Lack. & W.	112	107 1/2	108 1/2	Do
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Den. & Rio Grande.	20	18 1/2	18 1/2	Ohio & Mississippi.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Do.	53 1/2	47	47	Do
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	East Tenn. V & G.	10 1/2	9 1/2	9 1/2	Ohio Southern.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Do	64 1/2	50	50	Oregon Imp't.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Do	23 1/2	21	21	Oregon R. & N.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Do	44 1/2	38	38	Oregon Short Line.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Do	39 1/2	28	28	Oregon Trans-Con.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Fort Worth & Den.	14	13	13	Pacific Mail.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Houston & Texas C.	133	115	115	Peoria, Decatur & Evansville.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Illinois Central.	133	115	115	Philadelphia & Reading.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Lakeland, Bloom. & Western.	133	115	115	Pullman Palace Car Co.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Lake Erie and Western.	133	115	115	Richmond & Allegheny.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Do	46	41	41	Rich. & W. P. Term.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Lake Shore.	94 1/2	90 1/2	90 1/2	Rome, W. & Ogd.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Long Island.	94 1/2	90 1/2	90 1/2	St. Louis, A. & T. H.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Louisville and Nashville.	94 1/2	90 1/2	90 1/2	Do
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Louisville, N. Alb. & Chic.	60 1/2	53 1/2	53 1/2	St. Louis & San Francisco.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Manhattan Consol.	36	30	30	Do
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Marq. H. & O.	97	86 1/2	86 1/2	Do
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Memphis & Charleston.	—	—	—	Do
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Memphis Central.	—	—	—	Do
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Mil., L. S. & W.	82 1/2	77 1/2	77 1/2	St. Paul & Duluth.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Min. & St. Louis.	—	—	—	Do
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Mo., Kan. & Texas.	—	—	—	Do
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	Missouri Pacific.	153 1/2	153 1/2	153 1/2	Southern Pacific Co.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	Nam. C. & St. L.	83 1/2	83 1/2	83 1/2	Tenn. Coal & Iron.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	N. Y. C. & Hudson	78 1/2	75	75	Union Pacific.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	N. Y. C. & St. L.	108	108 1/2	108 1/2	Virginia Midland.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	N. Y. C. & St. L.	166 1/2	166 1/2	166 1/2	Wabash, St. Louis & Pacific.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	N. Y. Do E. & W.	107	107	107	Do.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	N. Y. Do E. & W.	67	65	65	MISCELLANEOUS—
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	N. V. L. & New Eng.	28 1/2	28 1/2	28 1/2	Express—Adams.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	N. V. Do New Eng.	61	61	61	American.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	N. V. Do New Eng.	35 1/2	35 1/2	35 1/2	United States.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	N. V. Do New Eng.	44 1/2	44 1/2	44 1/2	Wells-Fargo.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	N. V. Do New Eng.	17 1/2	17 1/2	17 1/2	Western Union.
1/4s, 1891, reg.	106 1/2	107 1/2	106 1/2	107	N. V. Do New Eng.	9 1/2	9 1/2	9 1/2	Silver Bullion Cert.
1/4s, 1891, coup.	107 1/2	108 1/2	107 1/2	108 1/2	N. V. Do New Eng.	31 1/2	31 1/2	31 1/2	



